

Nation's Business

A USEFUL LOOK AHEAD

FEBRUARY 1966

HOW UNIONS ARE TRYING TO TAKE OVER

PAGE 40



Do NOT remove from office
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New forecast for sales abroad PAGE 76

Should government plan the economy?
PAGE 35

You CAN argue
with success PAGE 82



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your phone calls can
follow you.



Nation's Business

February 1966 Vol. 54 No. 2

Published by the Chamber of Commerce of the United States
The national federation of organizations representing
4,500,000 companies and professional and business men
Washington, D.C.

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A crucial issue is about to be decided: Will our great freedom-loving country now prove it means what it says?

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1966

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Muzak's been working for Ralston Purina for five years now. Mr. E. M. DeVeaux, General Office Manager, says, "Muzak has been a positive influence in our offices. We installed it as another employee benefit, which it has been. We feel that it helps reduce errors and improves efficiency. We recommend Muzak to anyone with our kind of work situation."

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WASHINGTON: A LOOK AHEAD

Price controls? If so, what kind? When? On what goods? Wage controls, too?

Seems unreal to worry about these questions, doesn't it? Especially when Administration officials deny plans for direct controls, say that's a last resort.

Businessmen's worry runs deep, anyway. They spatter Washington contacts with queries. Uneasiness shows. Some trade groups advise members on updating price and wage records, taking other maneuvers as precaution against problems that mushroomed in Korean war.

What's coming?

Bet 100-to-1 against direct controls unless, as they say, a last resort if things really blow up in Viet Nam.

Odds are much narrowed on a tax hike, though.

Bet only about 10-to-1 against a tax increase for fighting inflation or war. LBJ will have to show overwhelming need to get Congress, citizens behind an election-year boost beyond his plans to speed taxpaying and repeal excise cuts.

But once Johnson convinces congressional leaders of need, tax rates can go up fast. Experts reckon lawmakers could have a boost on LBJ's desk within a month.

Wilbur Mills in House, Russell Long in Senate—chairmen of tax-writing committees—hold key. Senator Long talks of joint House-Senate hearings if speed is essential.

More arm-twisting via indirect price controls on business looks certain. Bet heavily that Administration will try jawbone controls of aluminum, steel type again. Hold price-raisers up to public ridicule with retaliation in background.

President is being urged by some key advisers to get even tougher. Idea is to create de facto system of advance Washington approval before prices can rise in bellwether industries.

Food industry leaders fear they may be next. Agriculture Secretary Freeman talks of farm and food prices holding steady in 1966, which makes company men edgy.

Wage restraint, too? Not very likely as long as settlements stay within the government's official unofficial guidelines. Theoretically, the guideposts hitch wage increases to productivity gains.

Major test could come in electrical unions' bargaining with General Electric, Westinghouse. That's biggest industrial labor contract showdown this year. Railway firemen, too, push big wage demands. Airlines, communications industries also face negotiations.

Early situation report on two key control proposals which would affect consumers and businessmen alike:

Congress won't pass either the packaging control or consumer credit control bill unless the White House does major lobbying for them, say Capitol Hill sources. So far, Administration has asked for them but contributed little muscle. You'll hear lots more talk this election year.

Bare-knuckle fight for big city votes confronts President Johnson, Democratic strategists.

HUD—the new Department of Housing and Urban Development—heads for real trouble. Secretary Weaver will have to be a superman to keep everyone happy: Entrenched mayors and civil rights groups, insistent on change, both seek upper hand in agency. On top of that, President Johnson understandably wants agency to sparkle with ideas, can-do reputation from start. He is a demanding boss, to say the least.

Vice President Humphrey mobilizes city congressmen, politicians against Senator Dirksen's reapportionment amendment by

warning Administration won't endorse big block grants of federal money to states until state legislatures assure urban areas bigger voice. The Dirksen amendment would overturn recent Supreme Court decisions by letting states allot seats in one legislative house on some basis other than population—by political subdivision, for instance, as in U. S. Senate. The amendment must overcome stiff opposition.

If tax men investigate you, one thing they can calculate is your net worth. Strangely enough, though, no one has statistics on the net worth of the country as a whole. Congress' Joint Economic Committee is going to look into this and other statistical gaps this year.

The hearings could enliven the drab but vital world of statistics.

Economists consider an accurate measure of national assets and liabilities as vital to gauging prosperity and growth. But troubles abound. How do you calculate the value of government property or arms? U. S. property normally is listed at acquisition, not market, value.

Other needs include better information on job vacancies to give true picture of employment and some measurement of quality in the government's price indices.

Electrical power partisans haven't had a good brawl in Washington for years. But the scuffling may resume in '66. Northeastern blackout of last fall spurs controversy.

Major question: How far should federal authority extend over industry? Some lawmakers claim blackout proves need for more regulation. But two campaigns are already under way to take away jurisdiction Federal Power Commission (FPC) claims over cooperatives, some local companies. Champions of cooperatives scream at FPC steps to apply to co-ops doing interstate business the same regulations as apply to companies.

You may want to watch progress of a couple of bills that could get congressional action this year. Neither will make headlines if

passed. Both could affect you as a businessman and taxpayer.

One is a law pushed by Maine's Senator Muskie which would require periodic review of federal grants to states and local governments, among other things. Many of these grants now have gone on forever. High Administration officials give it some chance of passage.

The other measure would standardize by raising, in most cases, the amount of money Uncle Sam pays to businesses and individuals for relocation when their land is condemned. It would cost an estimated \$30 to \$50 million a year. The U. S. forces over 130,000 displacements annually, including about 17,000 firms.

Election prospects brighten for Republicans as long as Viet Nam war drags on.

That's the winter book consensus among Washington's political seers nine months before the Nov. 8 congressional elections. It's backed up by reports from political listening posts across the country. The significant figures will show up in House results.

Democrats figure to lose anywhere from five to 40 seats in the House of Representatives—depending on who is predicting. Even Democrats forecast some losses. They've got plenty to spare. LBJ's 1964 landslide gave them a 145 seat majority. November battles will center on 118 districts where race looks closest; Democrats now hold 72 of them. Congressmen expecting battles include such veterans as Democrats Boggs of Louisiana, Murray of Tennessee, Jones of Alabama; Republicans Halleck of Indiana, Curtis of Missouri.

Senate campaigns shape up as a standoff.

Short-handed Republicans scent chances to pick up eight seats now held by Democrats but eight G.O.P. seats look vulnerable.

History favors Republicans. The party that holds the White House has lost House seats in every midterm congressional election since World War II.

Viet Nam victory would upset odds. It could help LBJ's party as Korea truce helped Ike.

How to succeed while you're still young



"Take the initiative. You won't always be right. But knowing business fundamentals will cut your margin of error to the minimum"



"Actively seek all of the responsibility you can possibly handle. You'll never get anywhere by avoiding the tough assignments"



"Develop the instinctive ability to make quick, accurate decisions. Business has always reserved its greatest rewards for men of action and courage"



"Broaden your knowledge of business in a systematic, organized way; learn the problems and viewpoints of all major departments of business"

An interview with James M. Jenks, President Alexander Hamilton Institute

THE famed management consultants—Booz, Allen & Hamilton—contend that "The return of rigorous competition is forcing the improved use of executives. In many cases the margin of competitive success or failure is locked up in the quality of management talent."

It is in times such as these that seniority is often thrown out the window; and that knowledgeable, ambitious young people are permitted to rise as fast and as far as their ability enables them to go. For business has too much at stake to discriminate on the basis of age.

The man who can do the job, gets the job . . . whether he's 28 or 58.

And today—as in critical eras in the past—top managerial talent is emerging from big and small organizations throughout the country. From engineers, chemists and other technical men. Among salesmen. Accountants. Lawyers. Marketingmen.

Their backgrounds are diverse; but all of these men share a compelling force to succeed, and the intelligence to realize that only people with a well-rounded grasp of business functions can direct the activities of subordinates.

A Fascinating "How to Succeed" Plan

Most people are surprised to learn that the average age of our subscribers is closer to 40 than to 20.

And we, in turn, are equally surprised that this mistaken notion has persisted for so long.

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But the day comes inevitably when he asks himself: "Where am I going to be in five or ten years? Will I be able to put my children through college? Will my estate support my family, for a reasonable period, without the need for additional funds?"

If he's fortunate, acts while time is still on his side and if the program he follows is valid, he frequently becomes successful while he's still young.

All of this, necessarily, is an oversimplification of the problem.

For that reason, we have analyzed the Institute's approach to executive-training problems in written form. The program is outlined fully in a 32-page book titled "Forging Ahead in Business."

This little book is not for children or even the 20-year-old. Rather, it was designed to show the mature, ambitious man how to build his career on a solid foundation—how to cope realistically with the problems everybody must meet and solve before he can hope to aspire to the top managerial level.

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After having devoted more than fifty years to helping ambitious men help themselves, we're naturally aware of the reasons why some men reach the heights at an early age . . . why others don't hit their peak until years later . . . and why some never do make the grade as major executives.

Surprisingly, native ability and intelligence are not nearly as dominant influences as one might expect (the \$50,000 a year man is not five times as intelligent as the \$10,000 man.)

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**Quoted from June, 1962, issue of "News Front"*

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Business opinion:

Needed: More reward for effort

To the Editor:

In recent years, there has been a growing trend among educators, administrators, industrialists, union leaders and workers to de-emphasize reward for individual effort.

An underlying factor in the continuing movement away from reward for effort is an attitude widely prevalent in educational circles. Educators and psychologists have suggested that competition in academic circles should be avoided and competitive athletics abolished because of undesirable psychological effects.

In other fields the trend continues away from reward for individual effort. All too frequently, very little effort—or no effort at all—is made by industrial management to seek out superior individual performance and to reward it.

Labor leaders deftly negotiate labor contracts that emphasize seniority or length of time in a job rather than on how capably one can perform a job.

Instead of being shielded from competition, young men and young women could better be made to realize that free competition among individuals is the cornerstone of a free society. Young people and adults alike should rightfully expect that their rewards—whether in school or in later life—will bear a measurable relationship to the effort they put forth.

FRED M. HEDDINGER

President
Pennsylvania Electronics Technology Inc.
Pittsburgh, Pa.

USDA planners throw curve

To the Editor:

Our local community here is surrounded by the Superior National Forest, an area set aside during the days of President Teddy Roosevelt for use by the people as a recreational area. The area is supervised by the U. S. Department of Agriculture (USDA). Management policy under USDA has always been a "multiple-use" concept—logging under proper management, use of outboard motors on boats and canoes

and, in more recent years, the use of snowmobiles (which in this area is a fast growing winter sport and absolutely harmless to the forest).

Last year, Agriculture Secretary Orville Freeman, after supposedly a great deal of thought and research, decided to confine the Boundary Waters Canoe Area (a part of Superior National Forest) to the use of only one mode of travel: the paddled canoe. No more logging, no no more outboard motors, no canoes and boats and also no more snowmobiles would be allowed. This area has always relied a great deal on tourism as our means of livelihood under the "multiple-use" concept. Now that this new policy will come into effect, we are all very concerned as to this area's future.

R. L. ANDERSON

President
Grand Marais State Bank
Grand Marais, Minn.

Revamping urban renewal

To the Editor:

Redevelopment and renewal of cities is a necessity, but the present results and methods are debatable.

Individual initiative and effort are discouraged by group housing. Studies indicate more housing is destroyed than is being replaced under this redevelopment-renewal concept. Small business is slowly being eliminated from the public scene.

When a slum area is cleared and replatted for commercial, industrial and residential use, why not provide individual homes for low and middle-income occupancy. Every American should have the opportunity to own a home with property of sufficient size for a yard and a small garden. What better way to develop responsible citizen than provide him with the free-enterprise benefits of his own home and property?

The financial problem can easily be overcome by government aid in the form of long-term loans or subsidized rents until the people can assume the financial burden. The cost would be no greater than the cost of the present public housing subsidy. Here at least the marginal income group would have an oppor-

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Business opinion:

tunity to achieve homeownership. Where mass redevelopment is necessary or homes must be replaced in renewal areas we must be willing to provide a better payment to the dispossessed. They should not be robbed of an investment because of a forced removal from their property.

Redevelopment and renewal can be done more equitably and economically privately than under government sponsorship. Individuals must be willing to make the effort to accomplish this task and to refuse further government handouts.

FRED C. GOFF
Minneapolis, Minn.

What foresight

To the Editor:

Last year I wrote a book about one of the world's greatest clairvoyants, "Croiset the Clairvoyant," from Utrecht, Holland. The book was published by Doubleday and reprinted by Bantam Books.

But I suspect that the editors of NATION'S BUSINESS have even greater clairvoyance than Croiset, in printing the story about Edward Swayduck, president of the Lithographers Union ["Working with a Capitalistic Union"] in the January issue. During the deplorable New York transit strike, Swayduck lambasted his fellow labor leader Mike Quill, head of the Transit Workers Union. Whereupon the *New York Times*, *New York Daily News*, *Fortune* and *The Wall Street Journal*, among others, followed NATION'S BUSINESS in recognizing Swayduck for his public-spirited courage.

However farsighted the NATION'S BUSINESS editors were, I have a minor complaint against them. It concerns my author's vanity. In their brilliant foresight to get the story on the press, they neglected to include the by-line of the author—me! Three and one half centuries ago Shakespeare wrote:

"Who steals my purse steals trash...
But he that filches from me my
good name
Robs me of that which not enriches
him,
And makes me poor indeed."

JACK HARRISON POLLACK
New York City

► Editorial foresight was indeed lacking when it came to Mr. Pollack's by-line. We inadvertently failed to put this well known and respected writer's by-line on his article. We apologize.

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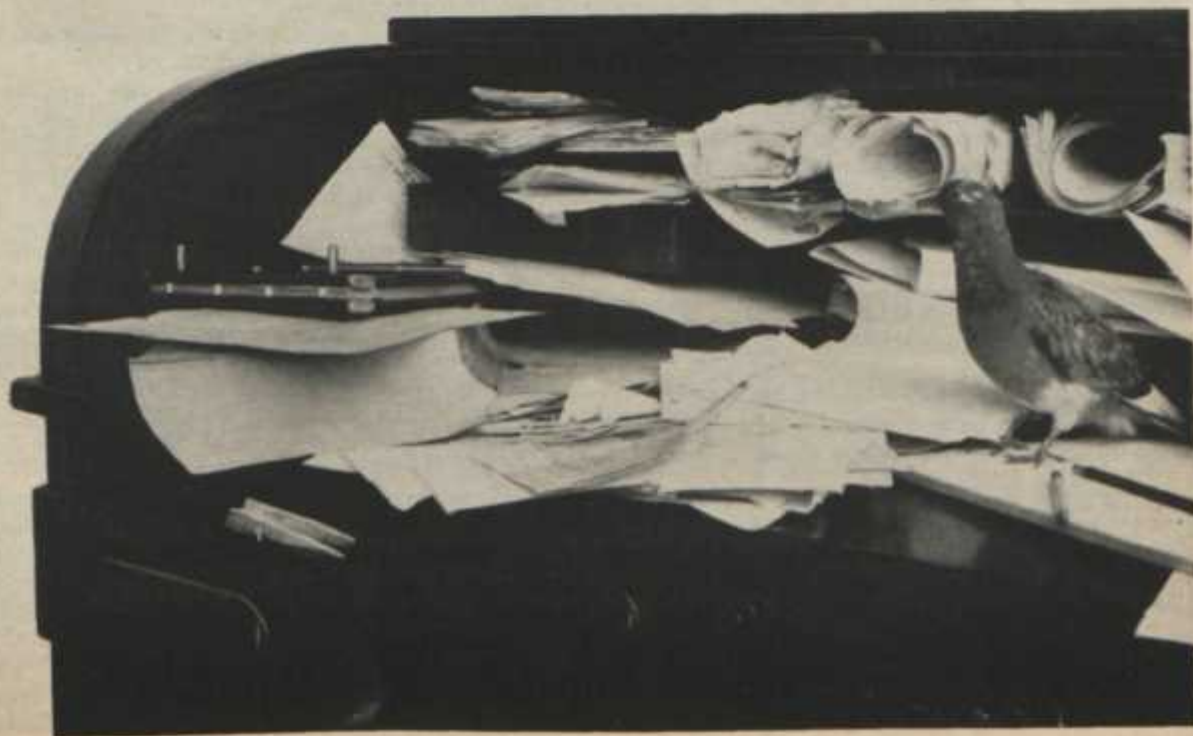
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Executive Trends

- Coming—a new-model businessman
- Rent-a-jet wrinkle
- Mailman, keep those letters moving

The late Joseph Wharton was far-seeing, but he would be startled to see what became of an idea he made a reality in 1881.

That year, a generous grant from Mr. Wharton started the world's first business school at the University of Pennsylvania.

Today the Wharton School of Finance & Commerce is one of more than 600 schools, divisions and departments of business throughout America. And one out of five men in college is majoring in business.

From a current enrollment of some 400,000, the business school population is expected to jump to 600,000 by 1970.

Business schools have become a key source of supply for companies on the prowl for bright young men.

What of the business school graduate of the future? Will he be different from the graduate this year?

Most business educators believe he will, judging from responses to a survey conducted by NATION'S BUSINESS among 16 leading business school deans.

The 1976 graduate will be brainier and possess a broader outlook than his present-day counterpart, the deans predict. This is not to suggest that there is anything seriously askew in the 1966 model graduate. But business schools are retooling to produce a better-equipped product.

Floyd A. Bond, dean of the Graduate School of Business Administration at the University of Michigan, feels tomorrow's graduate "will

differ most from his counterpart today in his understanding of data processing, political processes, the political and economic environment of business and international relations, including international business problems."

Significant changes in business curricula are expected—including greater emphasis on independent study, business-government relations, ethical and moral concepts, mathematics and the problems of managing change.

All deans see a need for what one educator characterizes as "closer contact and intellectual exchange with the best brains in business."

Here's the business jet set's latest wrinkle:

You pick up the phone, dial 614-237-0363, order a 600-mile-an-hour executive jet, and it's on your doorstep (provided your doorstep is a landing strip 4,000 feet long) sometimes in an hour or less.

This new private contract service bills its customers at the rate of \$1.16 a mile—round trip or one way. There's no extra charge for ferrying the plane, and six can fly as cheaply as one.

One hitch—the corporate client must sign up for at least 5,000 miles a year.

Directors of Executive Jet Aviation, Inc., Columbus, Ohio, say their service is unique. The company uses the same principles that the U. S. Strategic Air Command (SAC) does for dispersing and pooling aircraft. No wonder. Board

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EXECUTIVE TRENDS

continued

members include former SAC chief Gen. Curtis E. LeMay and several other retired Air Force generals.

• • •

Concern is rising over the injury business can suffer because of slow mail deliveries. Trade associations fret about the same problem.

Not all of the blame can be laid at the door of the Post Office Department, although in an era of Zip-coding it seems a bit strange that a letter can't move faster. You can do a number of things in your own business to speed mail delivery:

- Insist that no employee shall hold a letter from a customer or client more than a day without answering it.

- Stamp "when mailed" notices on correspondence, so the recipient will know whom to blame if a letter arrives late.

- Make greater use of the telephone—and telegrams—to insure fast responses to those really important inquiries.

Note: If you operate in a major urban area, consult your local postal officials. They'll brief your people on mail pickup times, economies in mailing expense, etc.

• • •

Prediction: The question of so-called Protestants-only bias in the hiring and promotion of business executives will assume the proportions of a major controversy.

The Labor Department is carefully weighing detailed charges by religious groups that Jews, Catholics and other non-Protestants face both subtle and not-so-subtle barriers to advancement in some industries.

"This one bears watching," says a government spokesman. "It could be a hot potato, especially for some companies doing federal contract work."

• • •

How would you like to have a board of directors with members as diverse as a shop foreman and a corporation president?

If nothing else, it makes for a stimulating exchange of ideas, declares Marion Kershner, executive vice president of the National Management Association. Mr. Kershner has just such a board.

A Kershner forecast: Increasing emphasis will be placed in fu-

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New Chevrolet Series 70000 heavyweight, El Camino pickup and Fleetside pickup with camper body in Colorado River Canyon, Utah.

LONG TRIPS ARE SHORTER WITH CHEVY WORKPOWER!

There's a trip-shortener for you— that big Series 70000 Chevrolet pictured at left. Brand-new for '66, it makes time fly on long highway hauls with an extra-efficient 92-inch cab design that brings you the best yet in big-truck riding comfort and handling ease. This is the biggest Chevy ever built with a GCW rating up to 65,000 lbs. and new power plants, V6 gasoline and V8 diesel, that know how to shrink the miles as well as the costs!

You'll find that trip-shortening Chevrolet trucks come in all types and sizes and that you can get more work done with less fuss with any one of them.

Most Chevy pickups, for example, give you a work-proved independent front suspension and coil springs at all four wheels to pave your way. Also, for power, a new bigger version of the industry's most popular truck Six. And in Chevy-Van and all of the many Step-Van models you get all sorts of convenience features that help to make a long day's delivering pass more pleasantly.

That's the way it goes—with extra ease and less expense — whether your Chevy's a broad-shouldered tandem, a city-size diesel, a versatile Carryall, stylish El Camino, or you name it. If you're ready to do something about shortening up on overhead, see your Chevrolet dealer. . . . Chevrolet Division of General Motors, Detroit, Mich.



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Buick '66 Electra 225. The one car Buick owners look up to.

You can't buy a better car than a Buick.

And you can't buy a better Buick than a 1966 Buick Electra 225.

When you consider that every Buick gets the best of everything, you can imagine what the best of Buicks gets.

Not that we tune the Electra more carefully than other Buicks. Tuning, as you know, is an obsession with us. Everything on every Buick has to blend with everything else. Performance. Styling. Ride. Handling. Everything. For an idea of what we mean, think how an engine responds to a

tuneup. Now think about getting the same response from the entire car. The whole, beautifully balanced, meticulously engineered car. That's Buick tuning.

Now think of a few things that make the Electra 225 what it is today. The majestic Super Turbine transmission. A massive 401-cu. in. Wildcat V-8. A suspension that takes the rough edges off the world. Luxury, luxury everywhere. (The following safety items are standard on all Buicks: front and rear seat belts, inside and outside rear view mirrors, padded dash and sun visors, back-up

lights, dual-speed windshield wipers and washers. Our suggestion on the subject of seat belts? Use them.)

Money? Some think a man who can afford an Electra 225 is above thinking about money. We doubt it. (After all, thinking about money is how Electra owners get enough of it to become Electra owners.) So Electras are tuned to last. And they cost less than you might have thought in the first place. (With us, green is more than the color of envy. Or grass.) There now. Things are looking up already, aren't they?

1966 Buick. The tuned car.

EXECUTIVE TRENDS

continued

ture training programs on the importance of government-business relationships.

• • •

Looking for new ways to boost your sales?

Inevitably, this quest will lead you into advertising, where many pathways can baffle the uninitiated.

Some of the mystery is mapped for the layman in "To Market . . . To Market," Al Collins Publishing, Inc., Highland Park, Ill. The new book was written by experts in various phases of marketing—from research through sales promotion.

• • •

Here are other leads for the market-minded:

1. University of California at Berkeley has new study findings available on changing consumer demands, prospects for research in marketing, other subjects. For monographs and reprints write the Institute of Business and Economic Research % Stephens Hall.

2. New Booz, Allen & Hamilton study of new-product management shows the hazards of bringing a new mousetrap to market are lessening as result of improved management.

• • •

Thinking of retiring early? Not C. L. Griffin of Oneonta, N. Y. But then he's only 92.

He still operates a violin repair shop and, according to a grandson, Donald Griffin of Akron, Ohio, his remarkable record in business is rooted in his faith in hard work and independence of the individual.

• • •

Executive intelligence: Industrial spying scare spurs many firms to spell out security measures anew. One frequent warning: "Don't leave your office while a visitor is present." . . . "Manager of distributor sales"—that's title some businesses are giving men assigned to get and hold best reselling outlets in today's competitive scramble. . . . Ever hear of "Tom Sawyer" theory of management? Executive trainers at University of Michigan note Tom proved himself a pretty smart manager when he made that job of whitewashing a fence look so attractive to the other kids that they clamored to do it while he rested in the shade.



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Those who sniff at the hem of power

BY PETER LISAGOR

President Johnson appears at long last to have peopled an Administration which is largely his own. With the few Cabinet holdovers from the Kennedy regime, he has established a good working relationship; an exceptional rapport has developed between him and the two key men in the national security area, Secretary of State Dean Rusk and Defense Secretary Robert S. McNamara.

The White House staff is, almost without exception, one of his own choosing, presumably shaped to his temperament and his demands. It is an obviously loyal, hard-working, devoted aggregation of like-minded men and women with whom the President has expressed intermittent satisfaction.

An enduring pastime in Washington is to speculate on the sliding importance of individual staff members, on who's in favor today and out tomorrow, as if the President is stirred, steered and shaken by influences around him that are Machiavellian in nature. Nothing could be further from the facts, especially in the case of a President who overshadows to a remarkable degree everyone around him.

• • •

Those in the inner circle are regarded by the bureaucratic assayers as men who are reasonably versatile, able and obeisant, and work at their tasks with a somewhat mirthless dedication. They get what exhilaration they know from being in the vicinity of vast power, or from what one student of the situation has described as "sniffing at the hem of power."

Their collective pursuit of anonymity, in the best tradition of presidential assistants, is less passionate perhaps than their fear of incurring the wrath of their boss with undue publicity. For Mr. Johnson is known to believe that the man serves him best who gets his name in the newspapers least, except, of course, for the press secretary who cannot escape a

certain public identity. If it seems like an odd way to measure a man's worth, the President is not likely to change it; he learned it at the knee of an early mentor, Franklin D. Roosevelt, who once complained to LBJ, then a young Congressman from Texas, that one White House aide had lost his value because his name kept appearing in Washington newspaper columns.

The President's staff includes a number of fellow Texans, but one ought to be wary of reaching hasty conclusions about what this means. They are not Edna Ferber Texans, being neither rich nor eccen-



LBJ quotes Harvard professor as saying McNamara (right) and Valenti (left) were his two best students

tric nor overbearingly chauvinistic. Some are far from parochial in outlook. One misses by an eyelash being a cosmopolite.

Indeed, the most conspicuous Texan on the staff refutes the Lone Star State stereotype altogether. He is Bill D. Moyers, who has served the President in varied capacities, including press spokesman. But for the accident of birthplace, Mr. Moyers could be mistaken for one of the young Ivy League intellectuals of Kennedy's New Frontier. Glib, comfortable with power, internationalist-minded and issues-oriented,

Mr. Lisagor is the White House correspondent for the Chicago Daily News.

Moyers can be said to be more attuned to the Eastern Establishment than to the baronial spirit of Texas.

Another LBJ handyman, Jack Valenti, has a Harvard Business School background, and the President, who sometimes betrays a provincial distrust of intellectuals, has been heard to quote a Harvard professor as saying that the two best students he ever had were Bob McNamara (Defense Secretary) and Jack Valenti (this would appear to be the President's way of saying that Texans can hold their own in the fast company of Harvard).

The entire staff tends to be pure Texan, however, when dwelling on the virtues of the President, and Mr. Valenti achieved public notoriety with two speeches in which he endowed Mr. Johnson with saintly attributes. This lapse in detachment is not rare among presidential aides, or even among the public relations officials of a large private corporation whose presidential image may need Simonizing. But it is a futile exercise in the case of Mr. Johnson, or any President, who must perform his feats, good and bad, in the most blinding spotlight.

A recognized student of presidential power, Richard E. Neustadt, who worked for President Harry S. Truman and made studies of the office for President Kennedy, has written:

"The professional reputation of a President in Washington is made or altered by the man himself. No one can guard it for him; no one saves him from himself. His office has been institutionalized to a degree unknown before the Second World War, but as a reputation-builder he is no mere 'office manager.' On the contrary, everything he personally says and does (or fails to say, omits to do) becomes significant in everyone's appraisals regardless of the claims of his officialdom.

"For his words, his own actions, provide clues not only to his personal proclivities but to the forecasts and asserted influence of those around him. . . ."

What Mr. Neustadt is saying with unassailable logic is that not all the flacks in Hollywood or on Madison Avenue can, in the end, obscure the warts of a President; nor for that matter can all the critics and rivals eradicate with malice and distortion his solid achievements. Not, at least, in an electronic age when the President has at his command such powerful engines of communication as exist today.

Still, there are in Mr. Johnson's case some misgivings over the fact that McGeorge Bundy, the former Harvard dean, is leaving his position as special assistant for national security affairs to preside over the Ford Foundation. His departure leaves virtually no trace of Establishment influence within the White House itself, and this is unnerving to many observers who presumptuously believe that only an Ivy League education properly equips a man to deal in foreign affairs. The fact that Mr. Bundy, in recent

times, was more a sort of traffic cop for crises reaching the President's desk than a policymaker was unimportant to them. They just felt better with him around, as though his brilliant technical gifts and waspish temperament would save the President from foreign disasters.

It is the President's method of rule to depend mainly upon his Cabinet officials for the cosmic advice he needs. Secretary Rusk is no longer the faceless, reticent, withdrawn servant pictured by the New Frontier diarists and memoir writers. From all accounts of Johnson men, Mr. Rusk is playing the traditional role as the President's chief foreign policy adviser. If he shares his constitutional responsibility with anyone, it is with Secretary McNamara, who is held in such high esteem by the President as to be consulted on matters far beyond the purview of his Defense Department.

If an executive is judged by his appointments to lesser posts, the LBJ record probably will stand or fall, not on his retaining Messrs. Rusk and McNamara. They were, after all, Kennedy choices. The Johnson stewardship will be assessed by the men he selected to head Treasury, Commerce, Justice, Health, Education and Welfare, the Post Office and the Housing and Urban Development Department.

There will be other changes, no doubt. The President is not only an exacting taskmaster but he understands, after 30 years in public service, that men in the appointive categories of government grow weary and restive and eventually run to greater rewards in private life. Some go voluntarily; others are encouraged. He is never wholly relieved of the necessity of appointments and thus exposing his judgment and perceptions of other men to constant review.

A collective profile of Johnson selections to date probably would disappoint his detractors, who felt he would rely greatly upon old congressional cronies and Texas acquaintances to staff his Administration. It hardly ever works that way. Gen. Dwight D. Eisenhower as President-elect turned to an Army buddy, Gen. Lucius Clay, only to act as a chief recruiting agent for Cabinet material. Ike had never met many of those General Clay persuaded to join his government. John F. Kennedy was similarly beset by the problem of personnel, and was quoted as saying after his election, "People, people, people! I don't know any people. I only know voters. How am I going to fill those 1,200 jobs (the number of posts filled by presidential appointment)?" A recruiting force led by his brother-in-law, Sargent Shriver, combed the country for talent, and JFK named men he never knew before.

Mr. Johnson has had John W. Macy, Jr., chairman of the Civil Service Commission, head up his search for adequate personnel. Like the others, he has had to make the choice in the end. And like the others, he has had to accept responsibility for their ultimate performance. Whatever the chemistry that goes into the choices, LBJ wants, no less than the others did, to look good in the history books. And that in the end undoubtedly guides him.

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That was an eye-opener.

So now we'd like to correct the false impression we've made.

We don't want you to rent Avis cars because you feel sorry for us. All we want is a chance to prove that a No.2 can be just as good as a No.1. Or even better. Because we have to try harder.

Maybe we ought to eliminate the negative and accentuate the positive.

Instead of saying "We're only No.2 in rent a cars," we could say "We're the second largest in the world?"

Future pattern for our political thinking

BY FELIX MORLEY

Whatever the ultimate results of the war in Viet Nam one consequence of moment to the United States is becoming clear. The fighting has undermined the fruitless attempt to divide American political thinking along lines arbitrarily defined as "conservative" and "liberal."

Much intellectual effort and overstrained argument has gone into this endeavor. And when Senator Goldwater captured the Republican nomination in 1964 it seemed to some that the division was established. The G.O.P. nominee had authored a definitive book entitled "The Conscience of a Conservative" and sought to offer the voters "a choice, not an echo" between his political faith and the liberalism attributed to President Johnson.

Unfortunately for the Senator there was not, either before or after his nomination, agreement among Republicans as to the nature or implications of political conservatism. It was, however, admitted, in the words of one pundit, that "two streams of thought unite to oppose the reigning ideology of collectivist liberalism." The "libertarian" stream, it was explained, places emphasis on individual freedom, home rule and resistance to the extension of centralized authority. The "traditionalist" stream, on the other hand, exalts social order and discipline, without limitation on power exercised in behalf of national grandeur.

• • •

It was easy to assert that these contradictory philosophies will merge politically. But to prove it was impossible. Senator Goldwater, making a valiant effort, fell dismally between two stools. On the one hand he denounced intervention by Washington in behalf of the less fortunate in this country. Simultaneously he urged this intervention in foreign areas where communism flourishes, most notably in Viet Nam. To many unaligned voters his advertised con-

servatism was made to seem thoroughly inconsistent.

President Johnson, by keeping discreetly quiet about Viet Nam during the election period, made the liberal stance appear more logical. It should be the role of the U. S. government, he proclaimed, to improve the lot of the underprivileged everywhere. But the "Great Society" should first be achieved at home. With Russia and China at loggerheads the communist threat would scarcely seem an immediate menace. On this presentation the present Administration scored its resounding triumph.

Since then Republican disagreement as to what constitutes a viable conservatism has, if anything, increased. One important faction is obviously uneasy about the implications of our policies in Southeast Asia. Another would escalate the war there almost regardless of economic and other consequences. As a result the G.O.P. is today badly divided as a political force. The contrasting streams of thought which were supposed to make it vigorous now move to neutralize each other.

Fundamentally, however, the Democratic party is in an equally unhappy position. Within its ranks are many who are skeptical about the durability of the new economics at home, fearful of inflation and dubious about increasing involvement overseas.

Dissenting senators, including men as influential as Fulbright and Mansfield, are openly critical. Equally significant are the demonstrations from campus groups, students and faculty alike, which only recently were spearheads of ADA. Socialistic intellectuals who worked hard for Johnson-Humphrey are now prominent among those who demonstrate indignantly before the White House. And nominal conservatives organize counterdemonstrations in favor of action that points all too clearly towards enlargement of government controls supposed to be anathema to conservatives.

There is no promise in this utter confusion of current political thinking. When politics was primarily a state-wide matter it made little difference that the Republican party in Pennsylvania was ideologically

Dr. Morley is a Pulitzer Prize-winning former newspaper editor and college president.

in conflict with that of Wisconsin, or that Democrats in Mississippi and Minnesota were poles apart. But as State boundaries grow dim, and politics more national in scope, the need for sharper identification stands out. Crystallization is to be expected, and could begin with the congressional elections in November.

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By then, unless a Vietnamese peace has been miraculously achieved, the strain of this undeclared war will have increased in lives, in money and in an overheated economy.

The President's budget already suggests that either the Great Society or more concentration on Viet Nam will have to be given precedence. And the latter implies long-range commitments with greater promise than permanent subsidization of incompetent Saigon regimes. The decisions are made in Washington but the sacrifices come from the congressional districts. It will not be adequate, come November, for candidates to proclaim vaguely that they are conservative, or liberal. How they stand on getting the boys home will be a more pertinent question.

Even without the confusion stimulated by patriot and pacifist there would be reason to think that conservative and liberal are headed for the limbo of forgotten political terms, where Whigs, Free Soilers, Populists and others already rest.

That is because all Americans, if they respect the Constitution, are almost necessarily liberal, though some are certainly much more socialistic in that persuasion than others. In all history there has never been a successful conservatism unless it was politically attached either to a monarch, or to a single established church, or to a land-owning aristocracy, often to all three together. Of these prerequisites the first two have always been lacking in the United States. Until the Civil War a landed interest did control the South and it is no accident that there conservatism in the traditional sense is strongest.

• • •

An attempt, obviously unsuccessful, has been made to tie American conservatism to business interests. It was foredoomed to failure because of the inherently competitive nature of the free market, which prevents the uniform outlook that true conservatism demands. Business might be conservative in this country if organized in exclusive cartels, as in prewar Germany, or if recruited and supervised by government officials, as in present-day Russia. But to mention these alternatives to our competitive system is to dismiss them.

A clue, though not a pattern, for the probable future evolution of American political thinking may be found in France. There, also as the result of a costly and interminable war in Viet Nam, the pre-existing political form was thoroughly weakened. De Gaulle took power not as the leader of a party but as one who claimed to be above political division—the na-

tional savior emergent in a time of deep internal crisis.

It does not minimize his contribution to say that to the French themselves this was at best a temporary solution. Authoritarian control by a single individual, no matter how high-minded, does not sit well with a freedom-loving people. At best the "peerless leader" will hold that position only for the duration of real emergency. With the return of stability the opposition to him will consolidate, making retirement the ironic reward of his contribution. Nobody knows better than de Gaulle that now he is President of France, on sufferance.

• • •

The United States, fortunately, is a long way from the disastrous situation that confronted France after the fall of Dien Bien Phu. But the political confusion here, and the difficulty of obtaining a Vietnamese solution both honorable and workable, are ominous signs. They point to the need of political thinking which can rise above conservative and liberal strait jackets. France, unable to achieve this, got de Gaulle.

For our need the primary necessity is more strict application of constitutional procedures, within the tested two-party system where the good names of Republican and Democrat suffice. If these had not been adulterated we might have escaped the Vietnamese imbroglio, which has never had the thorough congressional consideration which our form of government demands. Like many another tangle in which we are involved, nothing but trouble has come from trying shortcuts of dubious constitutionality.

In his posthumous book entitled "Death of a Republic" the late John Dickinson, great scholar as well as great lawyer, devoted two remarkable chapters to "Cicero the Institutionalist" and "Caesar the Instrumentalist." It was the former, just 2,000 years ago, who struggled heroically to save the Roman Republic. It was the latter who disastrously undermined its Constitution, as the former general counsel of the Pennsylvania Railroad describes in his vivid blow-by-blow account.

The Institutionalist, we are reminded by Mr. Dickinson, will always demand that policies should evolve within an inherited framework. His stand is for a government under law, not under headstrong men. The Instrumentalist, by contrast, "regards the machinery of government simply as a tool to accomplish his purpose." No doubts as to constitutionality are ever allowed to impede his wilful way.

The names are unfamiliar. But they are less liable to distortion than conservative and liberal. And they are as meaningful now as when Caesar crossed the Rubicon and, with his army, substituted empire for republic.

In the world today the American republic looms at least as large as did that of Rome when Cicero struggled so valiantly to save it. Whether our republic survives, as the great predecessor did not, depends on whether the citizens realize and remember that respect for constitutional government is its lifeblood.

The conscience of an American, in short, is more important than the conscience of a conservative, or of a liberal.

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You can't fool all the people even some of the time

BY ALDEN H. SYPHER

For thousands of years men have invested much of their time and skill in the development of communications.

The rise in civilization has been paced by the speed and scope of this continuing evolution, from the first crude drawings on the walls of caves to the direct live linking of world capitals in both words and pictures made possible by the Early Bird satellite.

There are scientists who expect within a few years revolutionary changes, all for the better, in political, economic and social relationships between nations as a result of better understanding brought about by instant world-wide communication.

Others see doom in the same future and through very similar means if the Russians carry out a threat to put into orbit missiles that may be triggered by radio from Moscow to dive on any target the Reds may choose.

Thus modern communications provide an opportunity for better understanding—or doom.

The importance President Lyndon B. Johnson attaches to the opportunity is evident in many ways, including his investment in a television station in the area that first sent him to Washington.

His personal skill in communication is apparent to anyone who reads a newspaper, looks at television, listens to radio or observes the legislative product of the first session of the present Congress. Also clear is the importance of this skill to the President, for the flow of news carries to the electorate his official record as well as his hopes, plans and personality.

• • •

An effective use of the opportunity in a related area was described by Washington correspondent Richard L. Lyons from Sioux City, Iowa. Mr. Lyons toured the state to report on the results of a sweep in the last election that sent six Democrats among the seven Iowa congressmen to Washington.

Mr. Sypher, a life-long journalist, is the retired editor and publisher of NATION'S BUSINESS.

PHOTO: WIDE WORLD



When facts—military or civilian—don't jibe with U. S. claims, people question the believability of government.

"Most impressive to politicians and politician watchers in both parties has been the massive publicity buildup given the freshmen congressmen by the Administration and themselves," he reported.

State Republican Chairman Robert Ray said the Democrats crank out publicity to make it look as if each congressman is running Washington. An editor commented that for the first time a lot of people know they have a congressman.

Naturally there are critics among those who see and hear the news and other information flowing from the federal establishment. Objectivity has a different meaning to nearly every reader and listener, particularly when the subject is political or otherwise controversial.

Although the news from Iowa may be good to Democrats, and something less than that to Republicans, few would deny the right of politicians to project themselves and their programs as favorably as they are able.

• • •

Campaign exaggeration and political promises long have been lightly accepted and heavily dis-

TRENDS: RIGHT OR WRONG

counted in American politics. Today, perhaps because of the near saturation level of our communications, the overpromise, be it in campaign or in law, can produce a backlash. An example is the developing tendency of those who feel they have in the past been denied opportunity, or rights, to seek or collect in full and at once on the promises enacted by the current Congress last year.

A far greater and more dangerous backlash potential arises when the believability of the official word of the U. S. government, or that of its leaders, is questioned.

This was emphasized by Ambassador to the United Nations Arthur J. Goldberg when the State Department disclosed a month-old purported Hanoi peace feeler in December.

The reported North Viet Nam gesture was made public, Mr. Goldberg said, to avoid a crisis in confidence in the U. S. government. The great concern, he added, was whether the Administration really is pursuing a path to peace.

The cause of this concern was that while the State Department was examining the reported feeler from Hanoi, both the President and Secretary of State Dean Rusk had said publicly that their repeated invitations to unconditional peace talks had brought only negative or discouraging results.

The validity of the Hanoi gesture, if there was one, and the government's procedures in examining it, are beside the point here. There can be no reasonable doubt that the Administration is seeking a path to peace to the best of its abilities. Wherever the leadership goes, it will not go far without the confidence of the people. It will not have that if its honesty, or even its candor, is questioned. That is why Mr. Goldberg spoke.

But the background goes deeper than the purported peace feeler from North Viet Nam.

* * *

Governments, including ours, long have resorted to outright lies at their convenience in one field, if not in others. Former President Dwight D. Eisenhower put it this way in his book, "The White House Years: Waging Peace, 1956-1961":

"In the diplomatic field it was routine practice to deny responsibility for an embarrassing occurrence when there is even one per cent chance of being believed, but when the world can entertain not the slightest doubt of the facts there is no point in trying to evade the issue."

Mr. Eisenhower referred to 1960 when Nikita Khrushchev booby-trapped the United States by remaining silent about the recovery of our U-2 spy plane, down deep in Russia, and the capture and admissions of pilot Francis Gary Powers, until after our government had issued a cover story that the missing aircraft was a NASA weather reconnaissance plane.

The percentage cited by Mr. Eisenhower is changing fast. More and more "the world can entertain not the slightest doubts of the facts," because of the

abundance of communication facilities and the lack of inhibition in their use. Like ours, other world leaders recognize the power of the peoples behind their governments. The trend is toward direct appeal to that power, rather than through traditional channels.

The same television screen that brought "A Visit to Washington with Mrs. Lyndon B. Johnson" into millions of American homes brought also live scenes of our military activities in the Dominican Republic—scenes that contradicted State Department versions of what we were doing there.

These scenes point up one of the obvious dangers of the obsolete cover story technique: It misleads the American people as well as those abroad with the attendant threat of undermining confidence in our official statements and therefore in our government.

Another danger is a tendency to drift. If it is acceptable for the State Department to depart from truth or accuracy, why not closely related Defense? Or Labor? Or Commerce?

It appears that such drift already has taken place, and brought backlash. Army public relations officers in Viet Nam have measured our losses against larger units than those engaged in actions, and by so changing the proportions, reduce descriptions of losses from heavy to moderate, or even light.

Here is what Denis Warner, an Australian with 25 years of experience in covering Far Eastern wars, thinks of this:

"What no one will accept indefinitely, especially in a war of this sort, is a persistent attempt to win by pretense what has not been won on the ground."

Writing in the *Sydney Morning Herald*, Mr. Warner charged the U. S. officers "are engaged in the business of turning defeat into victory."

Thus comes another crack in the credibility of U. S. utterances, both here and among allies abroad from whom we have been seeking greater support with little success.

* * *

In discussing why the government remained silent for nine months about United Nations Secretary General U Thant's attempt to set up peace talks in 1964, Secretary Rusk said: "There are some things in this business you just don't talk about."

You don't, that is, until someone else does.

In these days, someone often does, as someone did in the CIA's attempt to buy for \$3 million the silence of Prime Minister Lee Kuan Yew of Singapore about its agents' activities there, as someone did in the disaster at the Bay of Pigs, in the U-2 incident, in questioning our officially stated reasons for sending troops into the Dominican Republic.

Each time someone else talks, and discloses facts contrary to our own official statements—as happened in each of these instances—there is bound to arise in the American people a question about the believability of their government.

Without believability, the government would find little use for the truth.

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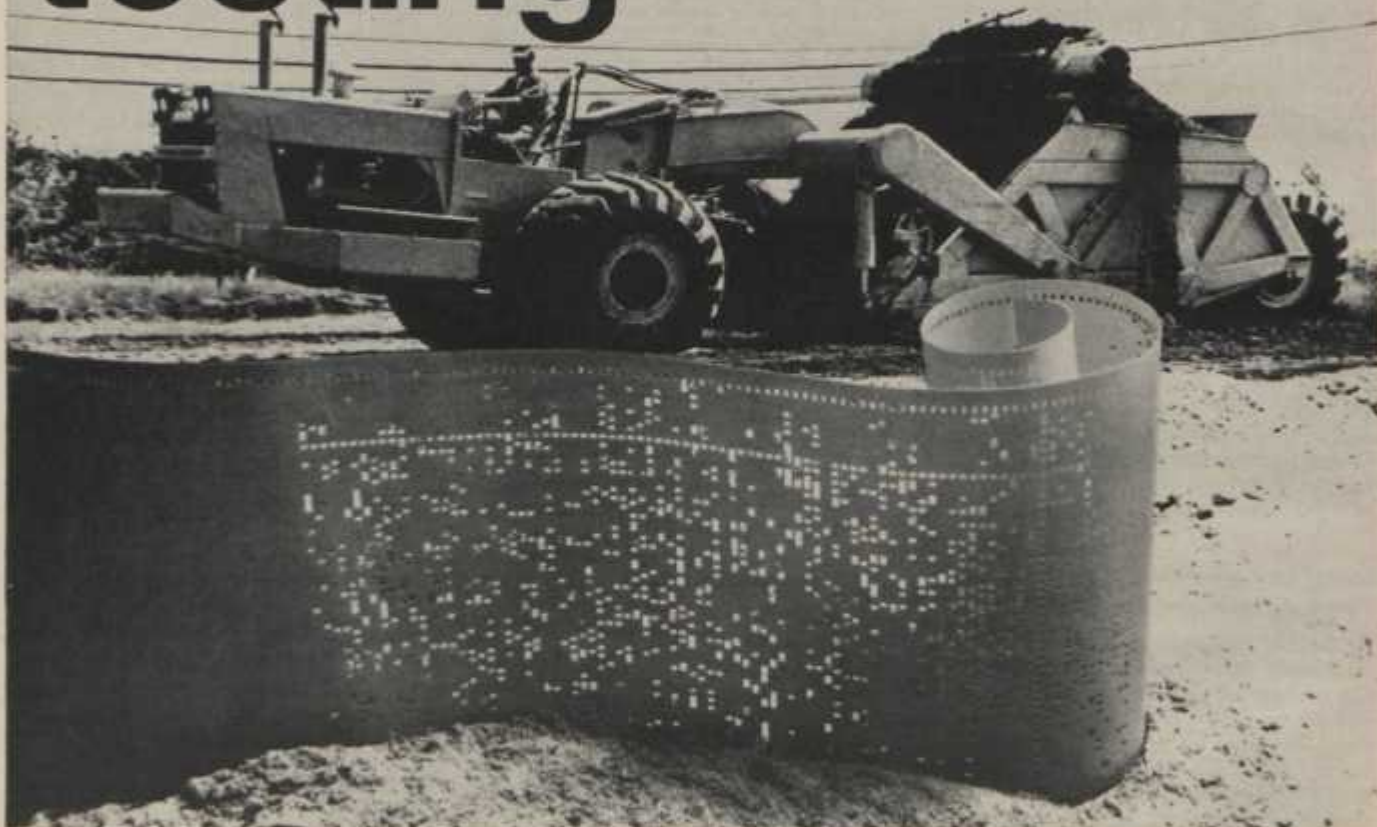
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	First Name	Initial	Last Name	Height	Weight
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SPOUSE					
UNMARRIED DEPENDENT CHILDREN					
USE SEPARATE SHEET OF PAPER IF NECESSARY					
STEP 2—APPLICANT: FILL IN EACH SPACE BELOW					
NAME: FIRST NAME _____ MIDDLE _____ LAST NAME _____					
STREET ADDRESS _____					
CITY _____ STATE _____ ZIP CODE _____					
OCCUPATION _____ SEX _____					
BENEFICIARY _____					
RELATIONSHIP OF BENEFICIARY NAMED ABOVE TO YOU _____					
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To the best of your knowledge, have you or any family member to be covered ever had or been treated for any of the following: epilepsy, insanity, convulsions, epilepsy, mental disorder, cancer, diabetes, tuberculosis, syphilis, gonorrhea, polio, heart trouble, heart trouble, eye cancer, disease of the tongue or throat?					
YES <input type="checkbox"/> NO <input type="checkbox"/>					
Have you or any other family member to be covered had used or been treated for any of the following during the past two years?					
YES <input type="checkbox"/> NO <input type="checkbox"/>					
Have you any cause to believe that you or any family member to be covered is or is about to become mentally or physically, or is considered to be, insane?					
YES <input type="checkbox"/> NO <input type="checkbox"/>					
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AT ISSUE: Should government plan for business?

The controversy reaches a crux as an influential law comes to a milestone

An unusual event is going to take place in Washington this month. Ramifications will last much longer—for business, for the economy.

A group of big-name men with important jobs are going to throw a birthday party for a law. It's the Employment Act of 1946 which President Truman signed in February of that year. The law set up the President's Council of Economic Advisers and Congress' Joint Economic Committee.

Most importantly, the law put Uncle Sam in big time economic policy-making in an organized way for the first time. That was vital after the hodgepodge of business regulation during the New Deal and the disruption and controls of World War II. It is doubly important in today's vastly more productive economy.

In commemoration of the law, there will be feasting, scholarly disquisition, puffing of pipes and rubbing of chins, messages from great men (Presidents Eisenhower and Truman are expected to send greetings) and, of course, politics (the sponsors hope President Johnson will deliver a major economic speech).

What the assembled public officials, economists and scholars will really be doing, though, goes beyond polishing a milestone. They will be mulling the unspoken question, How much further should the government go in guiding the nation's economic life?

President Johnson is raising fears that his administration may have gone too far already in trying to regulate the economy. Federal actions which threaten to take away business' freedom to make its own price and other decisions are causing deep uneasiness. The worry is not limited to the steel, aluminum and copper industries which have been principal targets of Administration wrath over price increases. For businessmen, therefore, the Feb. 23 event will be worth watching.

Despite a bipartisan speakers' list, many leading economists feel the net effect of the festivities will be simply praise for the Johnson Administration's eco-

nomic program and Great Society spending schemes. Another group of liberals will use the affair to whip up sentiment for more extensive government economic planning. Sen. Joseph Clark of Pennsylvania, for one, is already pushing a plan for setting specific federal goals in employment and other fields and then deciding how much government spending is necessary to achieve these aims.

As one sign of the times, the President's automation commission was wrenched by disagreement over the seriousness of the impact of new technology on employment. Some members saw little need for the crash programs of government controls, spending and planning which labor unions noisily claim are needed. Nevertheless, many people think the commission's recommendations amount to another big step toward federal planning.

Paving way for planners

Debates such as this aside, the main message of the celebration is this:

Government's influence over the economy—whether as price and wage control pressure or tax relief—is continuing to grow, for better or worse. And an important reason for this growing influence is the Employment Act of 1946.

This is the law that, in a masterpiece of high-sounding legislative vagueness, "declares it is the continuing policy and responsibility of the federal government to use all practicable means consistent with its needs and obligations and other essential considerations of national policy with the assistance and cooperation of industry, agriculture, labor and state and local governments, to coordinate and utilize all its plans, functions and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment for those able, willing, and seeking to work, and to promote maximum

employment, production and purchasing power." It then sets up the three-man Council of Economic Advisers to aid the President in shaping over-all economic policy. And it sets up the Joint Economic Committee of Congress so the lawmakers can out-smart—and keep ahead of—the Administration. The Presidents' annual Economic Report also is required.

What do the words mean? Well, what do you want them to mean?

Top economists play up the importance of the Council of Economic Advisers because it gives economists a voice in policy-making. But congressmen will tell you the most significant part of the measure is that organizing the Joint Economic Committee.

Liberals insist the policy declaration quoted above amounts to a mandate for ever more centralized government direction of the economy. Conservatives point out that the policy statement does little more than put into words the well established resolve of government to avoid another depression and encourage free enterprise to produce greater prosperity.

Actually, there is an amazingly high consensus among influential men that the law is an important and useful piece of legislation.

Dr. Walter W. Heller, chairman of the Council of Economic Advisers under President Kennedy and during President Johnson's first year in the White House, and Dr. Raymond J. Saulnier, chairman under President Eisenhower, often disagree sharply on economic policy. But they talk in almost identical terms when it comes to appraising the law.

"This is one of those things that would have had to be invented later if it hadn't happened," Dr. Saulnier sums up in a conversation with a NATION's BUSINESS editor. "It was a big step forward in the evolution of government machinery. I don't think there is any question about that."

Out of step with today?

Because the thinking of the legislators who wrote the law was dominated by fear the United States would slip back into a depression of 1930's style after World War II, some critics think the law should be revamped to take into more specific account today's problems of prosperity. Dr. Saulnier, though, thinks the machinery is adequate for both good and hard times.

"I have always believed our task in the U. S. for years back and into the future is managing prosperity," says Dr. Saulnier, adding that the government's machinery for this task seems adequately based.

Dr. Heller, too, considers the 20 year old Act as adaptable to differing economic fortunes. In this respect, he equates the law with the Constitution.

"As a result of actions taken in response to the Employment Act," Dr. Heller points out as an example, "profits have gained greater respectability than ever before because they are necessary to achieve the increase in private investment essential to faster growth, price stability and increased employment."

Thus, men such as economists Saulnier and Heller can differ on government policies needed in certain situations while agreeing that the machinery for



In a bipartisan ceremony, President Harry Truman signed the Employment Act of 1946 into law 20 years ago, on February 20, 1946.

reaching these policies is adequate. The important differences, as in most matters involving the U. S. government, are in men, not institutions. In other words, there are few serious questions about machinery or goals. But there are serious debates over the policies needed to achieve the goal of prosperity for all.

No matter who is in the White House, the members—and especially the chairman—of the Council of Economic Advisers (CEA) are powerful forces. They can shape the President's thinking on the meaning of economic trends and on what, if anything, to do about them. The chairman, as chief spokesman for the Council, has to be something between a professorial politician and a political professor.

By the nature of the job, the President isn't likely to be a trained economist. (Even if he were, he wouldn't have time to keep abreast of all nuances of economic thought.) So the chairman of the CEA inevitably finds himself teaching and explaining to some very high level pupils.

"I probably made more presentations to the Cabinet than any other single person during my four and a half years on the Council," Dr. Saulnier estimates. This was supplemented by practically daily meetings with President Eisenhower.

Professor Heller widened the chairman's role to an additional controversial degree. Besides advising and teaching, he became a public advocate and drummer for certain policies, often as in the case of tax policy before the President accepted them. Today's Council under the chairmanship of Gardner Ackley, a former University of Michigan professor, is also accused by some of doing too much speech-making and too little objective analysis.

Gives Congress equal footing

More independent—and more significant in terms of new ideas brought to public prominence, many maintain—is the congressional Joint Economic Committee. It's composed of eight members of the Senate and eight of the House of Representatives.

If the Committee did no more than enable lawmakers to see through schemes for unneeded federal

economic controls and spending, it would earn its keep. But in addition, it gets high marks for advancing knowledge away from Capitol Hill, too.

"The Joint Committee has raised the level of economic sophistication throughout the country," points out Emerson P. Schmidt, former director of economic research for the Chamber of Commerce of the United States. He played an important role in shaping the original law. "Its hearings force economists from business, universities and government to focus on problems. If you testify, you have to do your homework or you'll get caught. Then the transcripts of the hearings circulate around the country and stimulate more discussion."

If you keep your eye on the Committee's doings in 1966, you'll see what are likely to be landmark hearings into broad pension policies of both industry and the government, an attempt to assess the impact of Great Society spending programs 10 to 15 years from now, a look at whether or not the nation is using its human resources to the fullest, a study of how state and local governments can get the money they need and a thorough updating of a periodic comparison Committee experts make between the U. S. and Russian economies.

It's clear from this work list how economists will make their views felt in Congress.

If war is too important to be left to the generals, though, economics is certainly too important to be left to the economists, as many a businessman agrees. (Dr. Saulnier reports candidly, for instance, that in dealing with economic problems as an adviser to the President, "One can't be unrealistic. Many decisions, even within the Council of Economic Advisers, can't be made solely on the basis of economics.")

As Dr. Schmidt's comments point up, Congress is able to affect the economist as much or more than the other way around. One man on Capitol Hill puts it this way:

"We've raised the level of debate. Economists have come out of their shell. They now have to talk about what is relevant, not say a lot of silly things."

What this emphasizes is that those critics of Congress who contend the legislators are inevitably behind the times, and need reorganization to attune themselves to what the Administration wants, have only to look back at the history of the Employment Act of 1946 for evidence of congressional wisdom in the legislative process.

Liberals get comeuppance

Actually, it was a group of liberal economists, lobbyists and legislators—rather than the Roosevelt or Truman Administrations—that began the legislative campaign in 1944 for what became the Employment Act of 1946. They wanted to call it the Full Employment Act, establish in law the "right to work" (an ironic event considering the attempt by so-called liberals today to deny individuals the right to work, in a separate context) and make it the government's obligation through full-scale planning, spending and other powers to see that everybody had a job. One feature would have involved government forecasts of employment and other economic activity for coming years which would in turn touch

off big spending schemes of the magnitude then thought to be necessary to keep everybody working.

Congress, though, wanted no part of this planning game. Nor did the lawmakers have any desire to commit the nation to providing "full employment." Everybody favors this as a fuzzy concept, of course. But writing it into law is something else. The wisdom of this stands out in the fact that even today, 20 years later, no one can agree on what full employment really means.

The lawmakers also knew that it was a risky matter at best to attempt to forecast the nation's precise employment and investment several years ahead with enough precision to base spending schemes on them. They knew as well that when

PHOTO: WIDE WORLD



Today's Council of Economic Advisers is composed of Chairman Gardner Ackley (left), James S. Duesenberry, Arthur M. Okun.

government starts planning for the economy it must accompany these plans with controls of one form or another. And there was no more evidence then than now that economic planning works.

Senators and representatives who rewrote the original bill shaped it to put much more emphasis on the maintenance and strength of free competitive enterprise both in business and agriculture than was originally proposed. And they inserted as one of the policy goals of the nation, the promotion of maximum purchasing power. This is interpreted by many men as being as specific a statement as is needed to show opposition to inflation.

Others disagree. They argue that the Act should be amended to add price stability as one of the specific policy goals of the nation.

Today, many conservatives argue, the law's endorsement of policies for "creating and maintaining . . . conditions under which there will be afforded useful employment for those able, willing, and seeking to work . . ." is largely fulfilled.

Now, believe these people who are concerned about the continuing prosperity of the nation, it may well be time to underscore the adaptability of the Employment Act of 1946 by taking actions which "promote maximum . . . purchasing power" by holding down federal spending and the threat of inflation. That would be a welcome birthday present for all. **END**

CONGRESSIONAL INVESTIGATIONS: BUSINESS IN THE

Should government use strategic materials stockpiles to control prices? Who should pay to clean up our air and water? What's wrong with the Labor Board? Where's the U. S. shipping industry headed? Are businessmen snooping on their competition? How much money should unskilled workers make? Should American farmers try to feed the world?

Just a few questions of direct concern to business that are due for thoroughgoing investigation in the session of Congress now gathering momentum.

To be sure, lawmakers will be shifting their attention back and forth between the election-year calendar and the map of Southeast Asia as the Great Society is debated in terms of our increasing military burden.

But talks on Capitol Hill leave no doubt that business issues will share in a raft of coming investigations.

Some will be new, some continuations of past study; some tied to specific legislation, some merely fishing expeditions—to start with.

Concern over Viet Nam and the economy, in fact, will give a new slant to several planned investigations.

War-born pressure to hold down domestic welfare spending prompts speculation that liberals may press harder for regulatory measures with far-reaching importance to business.

Revenue demands, moreover, may fuel the Administration's drive

for user fees for various governmental services.

Following are some of the investigations expected during the current session of Congress that are related to business.

NLRB will go on grid:le

The House Education and Labor Committee, for example, is launching a full-dress investigation of the National Labor Relations Board. It promises to rank among the broadest inquiries of 1966.

Spadework has already been started. The probe will run six months and go far beyond such mechanics as how to speed up the Board's decisions.

The Committee and a beefed-up staff will be looking at charges that the Board is pro-union in some areas, pro-management in others and has been guilty of abetting racial discrimination.

One possible outgrowth of the investigation would be proposals for court review of the Board's decisions or for a new appeals agency independent of the Board.

The same Committee will also have to rehash the minimum wage issue. It approved a bill last year raising the federal minimum to \$1.75 over three years and broadening coverage to include agricultural workers.

But the bill was never brought to a House vote. "It seemed to be too drastic for some people" is the Committee's explanation.

Now, however, low unemployment figures—even some unskilled

workers are in short supply—and the renewed threat of inflation will weigh more heavily as the wage-boosting legislation is considered anew. The same goes for double time for overtime, which was denounced as inflationary and unworkable even before the breakout of "price creep" caught the public eye and the Administration rolled back aluminum price increases.

A bill to permit picketing of employers not involved in a labor dispute at construction sites would, if passed by the House, require new airing in the Senate.

Hearings are also expected on a move to beef up the U. S. Employment Service, opposed as needless expansion of government in the manpower field.

The gamier side of the war on poverty will grab most of the headlines as the Committee looks into the program. Not to be overlooked, however, is the reported inclination of some members to place more reliance on training and job creation as the key to any successful war on poverty.

Coordination of government taxing and spending with interest rate policies have already lent more than usual controversy to the Joint Economic Committee's analysis of the President's annual report on the state of the economy.

With this material as a beginning point, the Joint Committee will launch an ambitious attempt to chart the economy's next 10 years in terms of Great Society

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SPOTLIGHT



HOW UNIONS ARE TRYING TO TAKE OVER



Organized labor is now at the pinnacle of its power. Major wars have been waged on economic fronts. Wages and fringe benefits, with or without union help, have never been better.

Labor long ago lost the underdog image. As the monopoly power, corruption and extremist organizing tactics of too many unions were exposed, they also lost some idealists' sympathy. But unions haven't lost any muscle.

In the decade since the American Federation of Labor and the Congress of Industrial Organizations merged, the unions have shifted their source of strength from economics to politics.

Union leaders have wrapped themselves in the cloaks of statesmen and cleverly dressed their demands in the costume of public interest. They don't hesitate to call for action as if they were expert in any sphere—local, national or international.

Today, two thirds of the current Congress was either elected with union backing or has voted the way the unions wanted a majority of the time. State governors, state legislators, mayors, county commissioners, judges and other public servants all over the country—not to mention the President of the United States—have had their political campaigns bolstered with money from union political treasuries.

The lawmakers on Capitol Hill have their orders for this year. Labor lobbyists' prospects for getting their way are appraised in the article, "Will Congress ram through costly new laws?" on page 41.

Another article, "How union shop breeds corruption," describes the reckless use of organized labor's power. See page 42.

Organized labor's overbearing political influence has not helped the U. S. in the eyes of the world either. See the editorial, page 106.

Unions seem to have the upper hand. And since our society is largely directed by public opinion and political action, they will continue to hold sway as long as the public permits it.

Most people today accept unionism as an established institution.

What many do believe is wrong is for a highly vocal minority of the nation's work force to possess the ability brazenly to paralyze transportation of a major city, stop production of ammunition in time of war, mix into foreign policy-making, call shots on legislation that affects all people and dictate not only to those who work but also to those who create jobs for the nation's labor force.

Many believe the time is ripe for reform in labor law and labor influence.

WILL CONGRESS RAM THROUGH COSTLY NEW LAWS?

Here's a weather vane to help you see
how the legislative winds are blowing

Labor unions are trying to dominate Congress this year.

Union lobbyists will attempt to jam through a number of measures of cardinal importance to business as they seek to cash in politically on heavy union support in Congress.

In this election year, the unions are demanding: "What have you done for me lately?" And they swing considerable tonnage in influencing members' votes on new laws.

Some 298 of the total 435 membership of the House either were supported by organized labor in their last election campaigns or voted the way the unions wanted more than half the time. Some 63 of 100 Senators also were in the same camp.

Union labor, with more than 400,000 union officials, millions of voters and millions of dollars to spend on elections, is now calling for prompt enactment of the following proposals:

- Repeal Section 14(b) of the Taft-Hartley Act. This would do away with the right-to-work laws in 19 states, laws that enable a man to keep his job without having to join a union. It would also give unions more muscle and bigger bankrolls from dues.

- Raise the federal minimum wage and extend coverage to millions of new workers.

- Liberalize and federalize the unemployment system and increase the levy on employers in order to pay more to people not working.

- Enact restrictions on lending and credit (so-called truth-in-lending bill) and on packaging and labeling of goods (so-called truth-in-packaging bill).

- Enact a situs picketing law that would permit secondary boycotts at construction projects. Presently, one trade craft at a construction site can strike its employer, but picketing must be confined to that employer. The change the unions want under a situs picketing law would permit one craft to shut down a whole project where workers of other crafts and other employers are engaged.

One big factor the unions have going for them is that none of these measures would require huge appropriations from the public treasury at a time when so much money is needed for the Viet Nam war. They would only be more costly for employers, who don't pull as many voting machine levers as do union members.

In addition to what labor has ordered as top priority, congressional noses will be counted again on some of last year's issues, which also have union backing.

For example, Congress passed a measure in 1965 to authorize rent subsidies. But the issue will be up again in 1966, because the House voted against providing money when it found out the program could subsidize renters with incomes up to \$8,000 a year.

Similarly, a provision was passed for a national Teacher Corps under Washington's direction, rather than

under the traditional state or local control. But whether the Teacher Corps will get money to operate will be voted on this year.

Though decisions on funding and fighting the Viet Nam war will surely command major attention from the lawmakers in 1966, other old and new proposals will undoubtedly get action, too, including those called for in President Johnson's State of the Union and other messages to Congress.

The war on poverty, which has misfired repeatedly around the country, probably will be investigated for misfeasance. Unions favor an expansion of this program.

The law aimed at assuring equal employment also may be amended. State taxation of interstate commerce also needs attention, in the opinion of many members. Many also believe our electoral college system needs reform.

New measures to broaden Washington's role in education, to use farm commodities in foreign aid and to speed transportation could well be pressed. So could labor's battle for double time pay for overtime and the 35 hour week.

There's no such thing as a sure bet on how a member of Congress will stand on any issue. But certainly most lawmakers do not change their colors or convictions drastically from one year to the next. So the record of how a man has voted is indicative of how he will vote.

NATION'S BUSINESS presents in
(continued on page 88)

HOW UNION SHOP BREEDS CORRUPTION

As labor lobbyists push to repeal right-to-work law
investigators show dangers of compulsory unionism

Unscrupulous New York City union officials looted \$4 million from members' pension and welfare funds and spent a big chunk of it to set up lavish lifetime pensions for themselves and to speculate in the stock market.

Then, when the Senate Permanent Subcommittee on Investigations held formal hearings on the shocking disclosures, labor officials refused to answer questions on the grounds of possible self-incrimination. In spite of this, they still hold office in unions with contracts covering thousands of workers.

"You may ask why these members do not withdraw from these corrupt labor unions," says Democratic Sen. John L. McClellan of Arkansas. He is chairman of the Subcommittee and has led this country's most exhaustive investigation of union wrongdoing. The embezzlement of pension funds was discovered during recent probing of the affairs of Teamsters Local 815 and the Allied Trades Council of New York City.

"The answer is that they cannot do so if they want to retain their jobs. Because the collective bargaining contracts entered into with their employers by these corrupt union officials are union shop contracts which make it compulsory for all of the workers to join and pay dues to the union as a condition of employment.

"Any employee who dares to challenge the actions of these corrupt union leaders," Senator McClellan adds, "would automatically imperil his own livelihood—and

perhaps even his life. Indeed, it is this very power to compel membership in and to make contributions to the labor unions which they control which has enabled corrupt union officials to entrench themselves in the organized labor movement and to exploit the workman for their own purposes."

Senator McClellan's comments go to the heart of an issue now in the halls of Congress: a union-powered drive to wipe the right-to-work clause from federal lawbooks. The one substantial bulwark against forced union membership is this clause—Section 14(b) of the Taft-Hartley Act.

Section 14(b) affirms the right of the states to enact right-to-work laws, which stipulate that no one may be denied employment because he does or does not belong to a labor union. Nineteen states now have such laws. Failing in their efforts to eliminate them at the state level, the unions—with the backing of the Johnson Administration—have turned their big guns on Congress.

A bill to repeal 14(b) passed the House by a narrow margin last year but was stopped in the Senate. The issue has top priority with organized labor, however, and union lobbyists are trying to ram it through in the present session.

At stake is more than the added power and influence which will be wielded by union leaders if they succeed in killing the right-to-work laws. A jackpot estimated at more than \$15 million yearly will flow

into union treasuries as approximately 250,000 additional workers are forced to become dues-paying members.

What makes corrupt unions

It is significant that Senator McClellan's Subcommittee has found the greatest incidence of crime, corruption and violence in organized labor in the states which lack right-to-work laws.

In an exhaustive investigation several years ago, 40,000 persons were interviewed and 1,400 witnesses testified before the committee.

"Witness after witness, coming from all sections of the country, related story after story of the scandalous corruption which permeated the leadership of some segments of the organized labor movement," the Senator recalls.

Although several years have elapsed since the committee ended these particular hearings, "most of the same labor unions, and many of the same union leaders who were involved in the corrupt and criminal practices which those hearings disclosed, are still functioning as collective bargaining representatives of millions of American workingmen and women," Senator McClellan notes.

"Do we want to turn the power over to them to compel the other four fifths of the working people of our nation to join their unions?" he asks, referring to the move to repeal the right-to-work laws.

Techniques used by union racketeers against members of the



UPI PHOTO

Overtured trailers were part of the \$10,000 damage done by a mob of pickets in Lansing, Mich., at a nonunion apartment construction project.

unions they control take many forms. Here are several:

Known criminals and former convicts are appointed to posts of authority over rank-and-file members. Dictatorial power is substituted by union officials for the democratic process. Workers are forced into unions against their will by coercing employers to sign union shop contracts. Money is extorted from employers. Union funds are used to bribe public officials.

The personal power of labor leaders is curbed in the states that have right-to-work laws. In those states workers can refuse to join or can resign from a union with which they disagree. In the 31 states which lack this protective legislation, workers often find themselves at the mercy of unscrupulous union leaders.

Instances of violence, coercion, corruption and outright theft crop up with shocking frequency in the activities of the bad apples in the American union barrel.

"The power of compulsory unionism is too awesome even for the best intentioned, honest and loyal labor leaders who are fortunately in the vast majority today," says Senator McClellan. "But to place that power within the reaches of the elements of corruption in the

ranks of labor . . . would be a betrayal of the rights and privileges of millions of honest and dedicated working people.

"Based on my experience . . . I can say without hesitation that there is still much corruption in some labor unions today and, moreover, that compulsory unionism and corruption go hand in hand."

Workers today even though they have a chance to vote for their union leaders may find themselves deprived of their voice in union affairs. It happened in 1964 when United Electrical, Radio and Machine Workers officials reported that their incumbent president, James B. Carey, had been re-elected by approximately 2,200 votes.

When the Department of Labor recounted the votes, however, it discovered that Mr. Carey actually had been defeated by more than 23,000 votes. He was allowed merely to step out quietly.

Democratic Sen. Sam J. Ervin of North Carolina, a member of the McClellan Subcommittee, commenting on the Carey election farce, declares:

"Congress should not say to the American worker that he must join or support by the payment of dues any union which would miscount

25,000 votes in an effort to keep one group of officers in power."

Dynamite and broken bones

The recurring acts of violence which punctuate the activities of some unions, however, are the most terrifying aspect of the predicament in which many workers find themselves. Vicious abuses were disclosed in detail by the McClellan Subcommittee investigation. They still persist in the labor movement.

"To maintain their tyrannical control over various unions, unscrupulous elements frequently resorted to brutal physical violence and threats of violence against union members and even their families," Senator McClellan says.

"Bombed businesses and dynamited homes were the hallmark of the ruthless who sought to establish a reign of terror over the rank-and-file members and to silence anyone who otherwise might have dared to raise his voice in protest."

Just last November in Lansing, Mich., a mob of 500 union pickets inflicted damage estimated at more than \$10,000 on a \$1.5 million apartment house being constructed by nonunion workers. Dozens of windows were smashed by a barrage of rocks and bricks, a work-

(continued on page 50)



Bob Hope on Viet Nam

A fresh look at the war and those fighting it
through the eyes of this famous entertainer

War is no laughing matter, but Bob Hope has used humor to recharge the morale of American troops in three wars.

He is just back from Viet Nam, full of new understanding of young Americans and what the fighting is about.

A NATION'S BUSINESS editor interviewed Bob Hope about the mood of our fighting men now. Certainly, he's one of the best qualified Americans to put this aspect of the war into perspective because of his experience in entertaining the men of the armed services at their bases for 25 years. Here are his vivid recollections as only Bob Hope could express them:

Bob, what is the first impression you get when you land in Viet Nam?

Well, this year, one of tremendous activity. You're hit by the fact that there is so much going on. In Viet Nam and Thailand our bases are now turning into cities where there used to be just runways

and shacks. Now they are five and 10 times as large as they were last year. When you get to Cam Ranh Bay and Chu Lai you get the feeling that we're the Big Daddy of the world. You just can't understand how we could afford all of this.

Do you get the feeling that we and the South Vietnamese are gaining in winning back the countryside?

That's right. I think we're making progress because we bring more candy to them than anyone else. When we show up with more presents, I think that's our power. They want to be on the winning side, and we're showing them how we can win.

Our big problem is to protect the people after we take sections of land so that they can rebuild without the Viet Cong coming back and propagandizing and turning them to their side.

The Vietnamese want to be saved. There is no doubt about it. I talked with a lot of officers and other people in Saigon. They want to be saved because a lot of them have had pretty rough treatment by the Viet Cong.

How's the morale of our troops over there?

I thought it was excellent. These kids are soldiers. They realize that if they don't get this done, they're sitting ducks. They know some of the Marines have been mutilated. That makes them pretty mad, and they want to clean up this whole situation. That's the feeling I got.

Some people have been concerned about how untested troops will bear up under pressure.

Well, it's still a big game to them. These kids are young, and it's a great experience to them. It's a little like playing the Chicago Bears, you know. They know they might get hurt, but they're going to have a hell of a time while they're doing it. I felt they had terrific spirit, all of them.

How does this compare with a year ago, when you were over there, and with troops you entertained in Korea and World War II? Is there much difference in spirit, attitude?

I don't think there is much difference. I think I found more spirit in this group than in World



Hope found shacks have mushroomed into cities, war is nastier than earlier conflicts. In mud and heat, troupe played 24 shows—one in a plane circling a radar site. At Chu Lai base, 2,000 GI's waited three mornings for security-veiled group to arrive.

BOB HOPE on Viet Nam

continued

War II—and this is a nastier war. They're playing hide and seek and we're playing search and destroy.

You say you detected more spirit. Is there anything you can put your finger on?

No, it's just the general attitude of the troops. I don't know if it was just the units I was with, or because we had so many gorgeous girls with us or what. They just seemed to be a very responsive audience, a very live audience. They would talk with you, ad lib with you, yell lines. If I ever let them get out of line, they'd still be talking. I'd finally say, "Do you mind if I say a few words? After all, I traveled this far; I'd like to just talk awhile." Oh, boy, more laughs with those guys.

It's kind of thrilling. Anything that gives these kids a feeling of excitement is important because it makes them forget the tough job they've got.

What gags go best with them?

Well, I found the most obvious things like the draft card burnings. They jumped all over those jokes. The regular things, you know, about the trip, Saigon—like: "Here I am in Saigon. That's Vietnamese for I must be nuts." And, "I'm here with my black pajamas and white flags," and all the coward jokes. They're the same routines with different words.

What do the GI's think about the anti-Viet Nam protests?

It's pretty hard for them to understand. They're at war over there, and they wonder why we aren't here.

Did you do much kidding of Washington and officialdom?

Oh, sure. I said that Stu Symington [the Democratic Senator from Missouri] was in Danang—said there were so many VIP's and so many congressmen there, he came over to see if he could get a bill passed. And we carry on about, "It's a thrill to be here at President Johnson's big operation." Everything that they'll laugh at and still not be too far overboard.

You've entertained a lot of officialdom, Bob. You entertained President



"I think I found more spirit than in WW II," says Hope. "These kids are soldiers" who know they have a job to do.

Eisenhower and President Johnson. Are they easy to kid?

They're the greatest audience. They love it when you bruise them a little, because nobody does. Everybody likes that. I get a kick out of it when people rib me. It's fun. I think everybody enjoys that.

When you're working one of those bases and the planes go over and you look out over the audience and say, "Colonel, are you going to stop these planes or not?" the kids just die. You know, "Don't you have any power here, Colonel?" They fall down. They love this stuff where you rib the officers. I'll say, "Thank you, General. Smoke if you like." This is stuff the kids love, and the generals love it, too.

And this goes all the way up?

Oh, sure, right to the top. Ike, I played for him and he just loves jokes. He doesn't care if it's on him or not. Lyndon's the same way. These guys are big people. They've got to be big people. They don't get to those spots without being big people. I've never found a President who didn't have a sense of humor, and I've worked before all of them from Roosevelt on. No matter what Bing says, I don't go back any further than that.

You kidded Ike pretty good about his golf.

Oh, yes, I had some wonderful things on him. I kidded him about his painting. I said, "He likes to paint now a little better than golf because it takes fewer strokes." And I said, "This guy is really something with that painting. I saw a still life of his and he's very far ahead of his time. They won't have apples that shape for another hundred years."

I just love that man; he's great, just great.

What do you use with President Johnson?

When I did the last show for him, I talked to him about his turning out the lights. Which he did, you know. He showed me through the White House and he would turn the lights out before we got out of the room. That's going pretty far. And you know I'm a pretty good taxpayer. We talked about that and his driving.

What do you kid in Washington?

Well, the budget is a standard straight line. Whatever else happens. We like to get on Everett Dirksen and his curly hair. He

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BUSINESS: A LOOK AHEAD

Squeeze on lending

(Credit and Finance)

Bugged by bugging

(Manufacturing)

Capitalizing on containers

(Transportation)

AGRICULTURE

Farm equipment manufacturers have a headache they measure by the inch.

They've been watching the move toward narrower spacing between row crops, like corn, from 42 inches down to 22. The trend promises orders for new equipment, but problems too.

"This is by far the biggest revolution in row-crop culture that's occurring today," says James F. Koeling, product planning representative with Allis-Chalmers' farm equipment division.

Trend's under way, says Mr. Koeling; big question is how fast. It raises problems of production scheduling, inventory, equipment, tire sizes, to mention a few.

A-C reports a "tremendous flow" of inquiries from farmers, based on news of an experimental project in Illinois that produced 200 bushels to the acre—as against a normal 125-150 bushels.

Questions came from some farmers who had already switched down to 30 inches. Significantly, they started pouring in before A-C announced availability of combines capable of handling 20 inch spacing for the 1966 growing season.

Agriculture Department experts regard narrow spacing as greatest single productivity booster on horizon. Universities even talk about 14 inch rows,

CONSTRUCTION

Why the move to the town house out of town?

"People want to buy environment today—they're not satisfied with just a house," says the Urban Land Institute. "People want their country club built right into the neighborhood."

That's why they're showing greater interest in a mix of town houses, single-family homes and apartments in clusters surrounded by open space and recreation areas in well planned developments.

The Institute reports a surge in projects under way or planned by members, ranging from small areas to so-called "new towns" of thousands of acres. "It's the new look in housing today," says a spokesman.

Consultant Carl Norcross, who makes nationwide studies, confirms the market for totally planned neighborhoods with all amenities, especially among high income families.

The well-off want an urban environment without the dangers of city life, he says, adding one key attraction of the self-contained community is security services.

(For possible effects of changing housing patterns, see "Marketing.")

CREDIT & FINANCE

Do banks face a shortage of funds

to lend in years ahead? May be a squeeze for some if present trends continue. This is the cautious assessment of government researchers who keep an eye on banks' ability to meet expanding demands for credit.

Loan increases far outpace rise in deposits. Many banks dispose of government securities "cushion."

Experts note that banks' cash and government obligations of less than one year maturity as a percentage of total assets have declined. Total government obligations as a percentage of assets also dropped.

Over same period, percentage of loans to deposits has risen.

Individual banks could feel the pinch even with plenty of money in the banking system as a whole.

This could increase pressure on the Federal Reserve Board to reduce bank reserve requirements, lower discount rates and take other easy money steps. Many feel this would spur existing inflationary pressure in a booming economy.

FOREIGN TRADE

Many companies seek better overseas executives to boost trade.

Unique school opens next year in Fifteenth Century French chateau, offering intensive 10 week course thrice yearly for new overseas managers, wives. Companies will pay \$3,000 per couple.

Project was conceived by Georges Hereil, former president of France's Sud Aviation, who was struck by foreign trade prospects, lack of trained executives while directing world-wide marketing of Caravelle airplane.

Now president of Simca auto firm, he developed project with Chrysler Director Louis Warren, who is also on Simca board and agreed on need.

Consultant Wilmer H. Kingsford, school's U. S. representative, says roughly one in three executives newly sent abroad flops; others waste months learning the ropes.

Curriculum is developed by University of Pittsburgh, New York University, Sorbonne in Paris, covers cooperative business practices, lan-



Training site for overseas managers

guage, law, regulations, customs. Wives will get word on social, other adjustment problems.

Classes will run 25 couples, two thirds European, the rest American.

Among backers: Chrysler, Britain's Rolls Royce, France's Schneider steel group, Spain's Barreiros Diesel. Advisers include Henri Bonnet, former French envoy to U. S.; Robert Marjolin, Common Market vice president; George Love, Consolidation Coal chairman; Grayson Kirk, Columbia University president.

MANUFACTURING

It's more than bugs that bug the businessman.

Dramatized by recent cases of secret-swiping and impending Senate hearings, the whole problem of industrial security draws increasing attention from industry.

"To us, industrial espionage is merely one facet of a very broad field," says William D. Wright, Jr., executive director of the American Society for Industrial Security.

He points to rising concern over theft, embezzlement, pilferage, arson, insurance fraud, attacks on employees.

Mr. Wright cites increased interest in his society's annual conferences and regional seminars, marketing efforts by manufacturers of security equipment, rising business

by firms providing guards, investigators, security advice.

MARKETING

What are marketing implications of new communities (see Construction)?

One developer sees larger, more predictable markets for suppliers.

Greater coordination is needed among installers of utilities. Materials suppliers face demand for more reliable deliveries.

Retailers must build and stock stores well in advance of need.

Home location near shops, jobs may reduce family need for cars.

Self-contained towns offer advertisers concentrated consumer market "reachable" through community TV, radio, newspapers, mail campaigns.

NATURAL RESOURCES

Power companies are building toward 1980.

By then, Atomic Energy Commission expects nuclear power generation to reach 60-90 million kilowatts. Current nuclear capacity is 1.2 million, only about one per cent of all power.

In past year alone, seven new plants were contracted for. These would quadruple existing nuclear capacity. They'll go in service in four or five years.

One problem is disposal of plu-

tonium, a product of reactor process. AEC is committed to buy plutonium output through 1971; there's no guaranteed market beyond that.

TRANSPORTATION

Containers have ship lines and ports in something of a box.

Experts say interest in containerized cargo on Atlantic run has reached "fever pitch." Works like this: Big containers are filled with some product inland, then box is sealed and sent to port to be loaded aboard vessel. American and foreign lines consider special ships for full or partial container operation. Some are on order.

Advantages include reduced handling, pilferage, damage, delays, insurance rates.

Trend toward containers is boosted by Sea-Land Service, until recently a domestic container carrier, now entering Atlantic service.

Lines ponder eventual market and their own share. So do ports. Containers require changes in piers, storage and handling facilities. Estimated cost is \$2.5-\$3 million per berth at Baltimore port.

Maryland Port Authority will complete study of prospects in April. Deputy Director Walter C. Boyer already predicts big volume. First impact due this summer; lines now planning containers will have some in operation year later, pinpoint terminals to be involved; full impact, permanent facilities a reality by 1970.

"This has important implications for the entire industry," says Mr. Boyer. Faster ships, less time in port, more service—payload time.

Possible limitations and problems: Fewer ports of call per trip, union resistance, container ownership and maintenance, system for interchange, customs inspection, ports able to handle containers.

Containers expected to handle small, but high value, fraction of ocean tonnage.

Railroads, notably New York Central, promote system.



Low-priced time clock helps small companies meet strict wage-hour law requirements

Accurate time records and proof of compliance are mandatory for all companies subject to the wage-hour law. More and more companies are finding it pays to avoid wage-hour trouble with clock-stamped payroll time records. A bonus benefit is that resulting employee respect for time discipline shows up in increased production!

Lathem leads the field with a deluxe, fast-operating top-inserting time recorder that provides error-free two-column payroll accounting for straight time and overtime. And Lathem makes time clocks feasible for companies with as few as three employees with low-priced side-printing models which may be used for job time as well as payroll time.

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UNION SHOP

continued from page 43

shed and lumber pile burned and two construction trailers overturned.

Hundreds of acts of violence also characterized last July's taxi strike in New York City. Two labor organizations collided in trying to organize the city's taxi drivers. Drivers were beaten, tires were slashed and cabs were ignited by fire bombs.

Houses and cars were bombed and shots fired into the homes of nonstriking employees in 1964 in Tampa, Fla., in a strike by the United Steel Workers of America against the Florida Steel Corp.

These examples of union violence—only several of the number that occur each year—are simply a continuation of the pattern which was starkly revealed in the McClellan Subcommittee hearings. Here it became evident that some unions used violence as a standard tool, not only to coerce employers but also to intimidate their own members who refused to follow orders and nonunion workers they were trying to organize.

One Teamsters Union member, W. A. Smith, more widely known as Hard-of-Hearing Smitty, was directly identified in the hearings with nearly half a dozen dynamitings; assaults on four or five persons, mostly from behind; sabotage of a large number of trucks and numerous tire slashings.

On one occasion, Smith brutally beat a Nashville, Tenn., trucking terminal manager who had hired a nonunion driver, the Subcommittee was told. When the owner of the company complained to Teamsters boss James R. Hoffa, he reported that Hoffa explained:

"Well, you know how boys are sometimes. They will get into a hotheaded discussion."

Two strikes in the middle 1950's typified the irresponsibility of union tactics. Both were strikes by the United Automobile Workers (UAW) against the Kohler Co. of Kohler, Wis., and the Perfect Circle Corp. of Hagerstown, Ind. In both cases violence was unleashed against nonstriking and their families as

well as others who disagreed with the unions.

Men were beaten and shot, mobs of union demonstrators engaged in mass picketing, damage was inflicted on the homes and automobiles of nonstriking with rocks, acid and paint. In both instances violence erupted when the companies refused to close their plants during the strikes and also refused to accede to UAW demands for a union shop.

A top United Automobile Worker official, Emil Mazey, made it clear to Subcommittee members that he believed nonstriking were guilty of treachery. He stated:

"The people who have returned to work are traitors to our cause. They have joined the ranks of the enemy, and they ought to be treated as such."

One such "traitor" in the Kohler case was Willard Van Ouwkerk. He was 50 years old, five feet six and weighed 125 pounds. One night during the strike it was testified he was attacked from behind by a 230-pound UAW organizer named William Vinson, 27 years old and standing over six feet tall.

In the reported assault Mr. Van Ouwkerk was knocked unconscious and kicked repeatedly. He had several ribs broken. One was driven through his lung. He was hospitalized for three weeks.

Violence was the order of the day also during Teamsters Union efforts to organize taxicab companies in St. Louis in the early 1950's. The St. Louis Teamsters operated under the guidance of Harold J. Gibbons, a high Teamsters official currently considered a candidate for Hoffa's job, now that Hoffa has been sentenced to prison, though now free on appeal.

Taxicabs were shot up and burned, and one was shoved into the river. Cab drivers were beaten.

"Six major labor organizations with a combined membership in excess of 3 million were shown to be substantially under the control and influence of evil and unscrupulous leaders," Senator McClellan says in discussing his Subcommittee's investigation. Singling out the Teamsters, he adds:

"One of these six unions is the largest and most powerful international labor union in this country. Its membership exceeds 1.5 million and its annual income probably exceeds \$100 million. The account of corruption, gangsterism, embezzlement, looting and outright theft of millions of dollars from the pension, welfare and



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UNION SHOP

continued

other funds of this union by corrupt leaders constitutes one of the most scandalous and shocking disclosures resulting from the Senate select Subcommittee investigation.

Muscle via NLRB

"Yet this very union—with many of those same leaders still in control of its affairs—is today possessed of such exorbitant power that it can, at any time its leaders choose, call a nationwide

strike that could bring the operations of vast segments of American industry to an abrupt halt."

In addition to the potential threat of violence, the worker who is compelled to belong to a union finds himself in an ever-tightening legal strait jacket of union discipline laced by recent decisions of the National Labor Relations Board (NLRB).

Last year, for example, the NLRB upheld the action of the United Steel Workers in expelling two members because they filed a petition with the Board in an effort to have the union decerti-

fied as bargaining agent for Tawas Tube Products, Inc., employees. This was the ruling even though the two workers were only exercising a right given them by the Taft-Hartley Act.

The NLRB upheld the United Automobile Workers in a 1964 case in fining employees of the Wisconsin Motor Corp. because they had exceeded production quotas set by the union.

In that same year the NLRB upheld the right of the UAW to levy fines on 174 employees of the Allis-Chalmers Manufacturing Co. because they had crossed the union's picket lines and continued to work during a strike.

Senator Ervin, a veteran of the Senate labor investigation, sums up the issue in this way:

"A good union—that is, a union which is operated for the benefit of its members—does not need compulsory unionism in order to obtain members. A bad union should not have compulsory unionism for that purpose." **END**

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McBEE

BOB HOPE

continued from page 46

goes pretty good. People like him, and we get a lot of fun with him.

Stick close to the news?

Yeah, that pays off. I try to stick with the headlines. That's where you get your better stuff.

The same in Viet Nam?

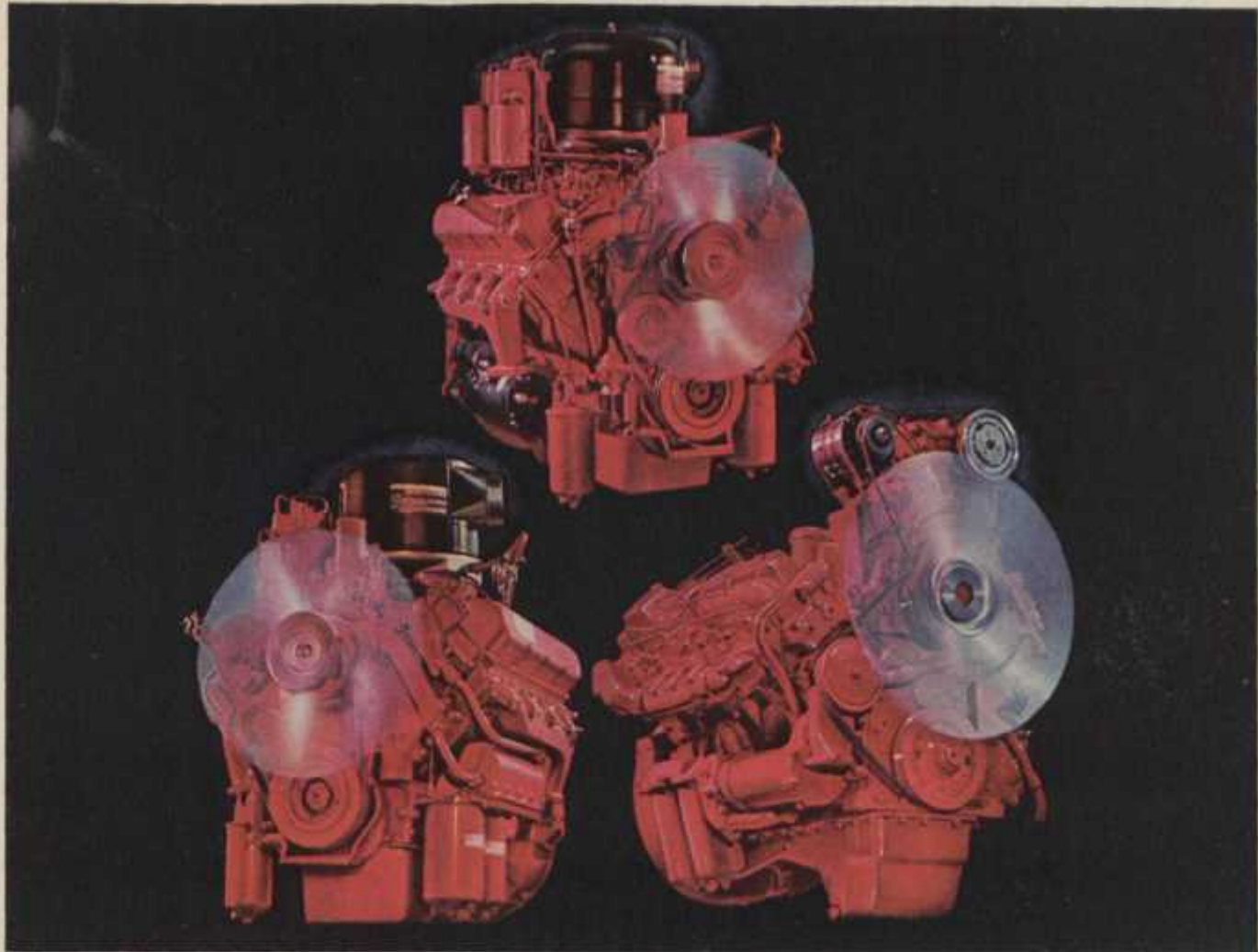
Yes. You see, I had 16 different monologues. In Thailand, I had a lot of things about Thailand. I kept changing for each spot, trying to get a fresh approach.

You localize all the stuff. You see, we get poop sheets on all these places. We find out the name of the beer they drink—Booma-ba is one—at least, that's what it sounds like. So you come up with, "I understand you got a great drink here named Booma-ba." They screamed. I say, "It doesn't have a head on it, but it takes yours with it." They buy this right away because you're not supposed to know about it. It's the surprise element. You're kidding them. That goes with everybody. When you walk into Cleveland and you mention their high-level bridge or their problems, they buy it.

Then you don't think the sense of humor of the GI has changed much.

No. You know, next March it will

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BOB HOPE

continued

be 25 years that I've been playing to these kids. I started at March Field in '41. We laid off a couple of years from '46 to '48 because the war was over. And then they brought us back for the Berlin airlift, so I've got a pretty good idea what these kids like.

What are the grippers griping about over there?

They say, "Boy, we're thrilled you're here, because we're really getting a meal today." That was the meal they were going to get anyway. They're treated well.

This Westmoreland [Gen. William Westmoreland, American Commander in Viet Nam]—I got an answer to my New Year's wire of congratulations to him on the Time magazine picture [as Man of the Year]. He said, "This reward belongs to every Marine, soldier and sailor in this area." This is the kind of guy he is. He means it. And he looks like this rough soldier. They love this guy. Just to look at him, they love him. He's got that kind of a kisser. He's got that Arnold Palmer head and Dempsey appearance. You buy him all the way. And the kids do, too. The reaction was tremendous when I introduced him. You get the feeling you want to go with him. He can take you there.

What about your hospital visits?

They love it when you yell in the hospital ward. I always walk in and say, "Don't get up!" especially in the orthopedic ward where they're all wired and strung up. Then I walk in and say, "All right, get the dice. Let's go!" They love it when you yell. They never hear it. I usually get Colonna to scream a song. They love that when you make noise. They just throw everything out of the window.

We used to get in bed with patients. "Move over, move over."

What kind of a place is Saigon?

Like a zoo. An awful lot of people are flying around there. I was happy to get out of it, I'll tell you that. It's scary. You're rubbing shoulders with too many people. You don't know who they are, or if they're friends or not. They mix in pretty good.

What about the GI's who are in Saigon, do they have to be constantly on the alert?

Well, they're supposed to be, but you know GI's. **END**

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PATTERN FOR SUCCESS

How businessmen have
steered history's course



The sixth in a series re-creating the Harvard University's Advanced Management Program

"History," Henry Ford said, "is the bunk."

The auto wizard's remark is one of several quotations read to you by Professor Ralph W. Hidy during the first of your 13 weeks as an "AMP," a member of Harvard Business School's Advanced Management Program.

Prof. Hidy, who conducts the business history portion of the program, contends that Ford's sentiments are shared by many businessmen today. The professor's main theme, however, is that businessmen are among the prime "generators of change." But he feels that most businessmen have been too preoccupied with day-to-day decisions to appreciate it.

"Every man should know where he is in the stream of history, how he got there, and where he seems to be going," adds Prof. Hidy, pacing the classroom with ramrod posture. "Businessmen, through their instruments and institutions, especially corporations, stand as one of the power centers in the society of the Western World."

"Add up all the decisions of those producing and distributing goods and services in the marketplace, and the impact is truly significant."

In supporting this view, Prof. Hidy fires a burst of case studies at you to show how businessmen, in the course of pursuing profits, have helped change their economic and social environment and made decisions reflecting these changes—from medieval times to the present.

Many of the 160 AMPs, who are all about to enter top executive ranks, at first can't see the point in going back as far as Tenth Century Constantinople to begin their studies. But their sympathies quickly go out to the businessmen of those days.

The government of Constantinople, you read, regulated almost all phases of life and kept close alliance with the church in order to achieve security

and stability. Religious leaders pictured life on earth as a vale of tears to be passed through with a minimum of travail. They promoted the idea that competition is destructive and dangerous and private businesses must be kept small and regulated closely.

The imperial government held a monopoly on the making of royal dyes, silk spinning and other luxury trades. It wanted no revolutions and strove hard to assure the happiness of the masses by keeping them fed, clothed and busy.

If you were a private merchant in those days, the imperial government would decide the location and character of your shop, the size of your inventory, the number of your employees, the hours that you must open and close business, the persons you could sell and the profit you could make.

You could enter a trade only through a guild. The government used its power to admit persons to guilds as a means of curbing some businesses.

The imperial government also provided for centralized and supervised buying of materials. It strictly controlled weights, measures, coins, prices, imports, exports, the resale of goods and the activities of foreign merchants.

A typical edict of those days was this one: "In all things the very best order shall prevail, so that if anyone hereafter is detected raising the rental of a workshop or getting possession of another's goods by rendering them cheaper than the set price and then buying them, or entering upon the trade of another and working at both . . . such a one shall be punished by being scourged, shorn, led to mock triumph and exiled forever."

For shoving another out of business, you could lose your hands and ears—unless you were a representative of an imperial monopoly or happened to be a favorite of the ruler.

Obviously, the businessman of Tenth Century Constantinople had almost no freedom of decision or opportunity to grow and generate change.

Rigid regulation of commerce was common in medieval London, too. Laws forbade "regrating," purchasing goods for resale at a higher price in the same market; "engrossing," attempting to monopolize a market; and "forestalling," circumventing the government-run market.

You discuss the case of hapless Hugh Matfrey, a

In Hamilton Hall, the AMPs' living quarters, is a painting of Alexander Hamilton explaining the nation's finances to George Washington and Robert Morris. Then business financed only a small portion of government costs.

PATTERN FOR SUCCESS

continued

Andrew Carnegie liked to build through partnerships with all those supplying him with materials and services, so that a partner, despite his business, held first allegiance to steelmaking.



London fishmonger convicted in 1311 of forestalling. The records read in part:

"Hugh Matfrey . . . bought of Thomas Lespicer, of Portsmouth, six pots of lampreys of Nautes, which the said Thomas had brought to London on the preceding Saturday, and stowed away in the house of the same Hugh, against the customs and ordinances used in the city; seeing that he ought to have exposed the same for sale immediately after his arrival, under the wall of St. Margaret's Church in Bridge Street; and there to have stood for the purpose of selling such lampreys, the next four days after his arrival."

The economic climate of the Fourteenth Century was much brighter in Florence, which was then at the trading crossroads of Middle Europe and the Mediterranean. In place of an accent on stability and security arose a quickening of interest in worldly affairs and a willingness to take chances in order to get better things in life.

In this freer environment, large firms owned and run by families, such as the fantastic Medicis, sprang into prominence and expanded. The Medici merchant-bankers were motivated by a simple desire to grow and accumulate wealth. They set up one of the world's first great banking enterprises, covering all of Western Europe.

Although it was considered usury in those days

to exact interest on straight loans, you study how the Medici bankers accomplished the same result by manipulating and taking advantage of exchange fluctuations.

Later the Calvinists promoted the idea that a person is predestined to a calling and it is his duty to raise his status as much as possible in that calling.

In the early days of America, businessmen were an abused minority. This was true even though joint stock companies, financed and organized by merchants in England, accounted for the core of the colonies in Virginia, Plymouth and Massachusetts Bay.

In the Massachusetts Bay colony, for example, businessmen accused of raising prices above those generally prevailing were tried before both secular and religious courts.

But religion's lock on all businessmen gradually weakened as the northern merchant and the southern commercial farmer grew stronger. These two types eventually became economic, political and social leaders in the various settlements.

The spokesman for the economic outlook of the Eighteenth Century was the inventor, philosopher, businessman and patriot Benjamin Franklin. The term usury, to Franklin, was confined to an "excessive" rate of interest. He declared that prices of the free market must prevail. Franklin advocated frugality, thrift, sobriety and honesty, not so much as religious virtues, but more as necessities for developing self-reliance and getting ahead in the world.

Many of the economic ideas of the day were

John D. Rockefeller fought for strong organization within Standard Oil. He formed groups of specialists to advise his all-powerful executive committee and understudy its management skills.



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PATTERN FOR SUCCESS

continued

written either directly or implicitly into the Constitution. Men considered it a proclamation of freedom, which left economic progress to the actions of individuals. A man could grow as big as his ambition dictated and his ability permitted.

By the 1840's the spirit of enterprise was ablaze. Foreign visitors noted that Americans seemed to be racing against time and against themselves.

They seemed imbued with an incredible drive for self-improvement and the attainment of wealth.

The factory system, borrowed from England, thrived in the new United States. Businessmen improved upon foreign technology and invented their own machines. They invested in highways, canals, turnpikes, railroads, the telegraph and the telephone. They invested in hundreds of towns along communication routes and managed new enterprises by the thousands. They created banks, exchanges, call loan and commercial paper markets and, from 1865 to 1890, countless corporations.

It was not until the end of the Nineteenth Century that a strong move appeared to curb this economic freedom. But by then production was on a leviathan scale and the United States was the biggest industrial nation in the world.

You study how three great "generators of change"—John D. Rockefeller, Andrew Carnegie and Henry Ford—entered this exhilarating atmosphere of the free market and developed three giant industries, using three different methods.

John D. Rockefeller (1839-1937) is a favorite subject with Prof. Hidy who, with his wife, wrote a history of the Standard Oil combination.

As head of the firm and its largest shareholder, Rockefeller ran Standard Oil as a team operation. His instrument was the executive committee where decisions were reached by consultation and agreement. He knew how to delegate details of management in order to concentrate on forming broad policy. He felt that the best way to stabilize the petroleum industry was to organize it on a national scale as a commonly owned unit.

The quiet and hard-working Rockefeller was able to persuade strong men to come into the Standard Oil combination and work together. These were men who had accumulated most of their experience from 1840 to 1865, the great period of untrammelled competition. A case you study describes them this way:

"They believed in the sanctity of private property, the right to secrecy in business, the obligation, in court, only to testify to legal truth, the validity of spying on competitors and of using any competitive device not overtly forbidden by law.

"On the other hand, the chaotic and depressed years of the 1870's modified these concepts in the direction of a belief in the validity of combination, commencing with the crude oil gathering pipelines and the refiners of kerosene, and later extending to lubricant specialists and truck pipelines."

Henry Ford, an advocate of one-man rule, took the idea of an inexpensive automobile for the mass market and personally steered his Ford Motor Co. from obscurity to an industrial zenith.



The Standard group, through this common ownership in an association of specialized firms, dominated the gathering, storing and processing of petroleum and its derivatives.

The enterprise, which had grown huge in size and complexity, was the nation's first large industrial firm. A variety of functions, such as purchasing, had to be integrated. Specialized managerial experience, information and advice were needed.

The committee system, which had been the hallmark of Standard Oil's administration since the early 1870's, grew to meet the increased need for centralized policy-making.

One thing that all committee members understood was Rockefeller's advocacy of large volume, narrow margins and the use of local price-cutting as a competitive weapon. He also wanted each refinery within the firm to compete against the others.

While the Standard Oil combination was proving the value of a large-scale systematic organization, and creating scores of new associated industries, the press, legislatures and the courts began sniping at it with accusations of "excessive" profits, monopolistic tendencies and sheer "bigness."

Before launching into a study of this criticism

"Our Detroit Diesel 6-71's average 420,000 miles between overhauls..."

"and with the new 'N' engines we're getting 6.5 mpg."



That's John Yourga, president of Yourga Trucking Co., Wheatland, Pennsylvania, speaking.

His fleet of 50 trucks is 100% Detroit Diesel-powered. Highway tractors haul loads of steel that average 48,000 pounds and roll up 80,000 miles per year—on hilly turn-pike runs to New York, 6-71N's average 55 mph for the entire trip.

"The low operating costs of Detroit Diesels built this business," says John Yourga, "and we're still growing."

In 1965, 12 trucks were added to the fleet

—all powered with 6-71N engines. During 1966, Yourga plans to put 20 more trucks into operation. John Yourga concludes, "They'll have Detroit Diesel 'N' engines—you can bet on that!"

Looking for maximum economy, longest miles between overhauls? Specify Detroit Diesel "N" engines. Today these engines are offered by more truck manufacturers than ever before. For more information, see your Detroit Diesel Distributor or write Detroit Diesel Engine Division, General Motors, Detroit, Michigan 48228.



PATTERN

continued

of Standard Oil and other giants, you backtrack to 1872. The amazing young Andrew Carnegie (1835-1919) was then in the process of withdrawing from his highly successful railroad activities to concentrate on manufacturing iron and steel products.

In Carnegie's own words, he decided "to put all good eggs in one basket and then watch that basket." He believed in finding the best men and bringing them in as partners. He insisted on fast growth. He liked to reduce costs and undersell competitors while exceeding them in quality.

Carnegie, who used the partnership arrangements for all his early firms, formed a separate organization for almost every branch of his business, including the mining of coke, limestone and ore and the shipping on lakes and over railroads. But the controlling interest of each organization was held by the partners, with Carnegie himself owning more than 50 per cent of each company.

The partnership grew so large and its business so varied, it was

decided to put all in the control of one corporation, the Carnegie Co.

In 1901, Charles M. Schwab and J. P. Morgan laid out a plan for combining the giant Carnegie Co. with Federal Steel, National Steel and assorted steel fabricating companies to form the United States Steel Corp. Schwab persuaded Carnegie to sell out to Morgan for \$400 million, creating the world's largest single firm. The next year, it is reported, Morgan confessed to Carnegie that he would have gladly paid an additional \$100 million.

Unlike Rockefeller, Carnegie had always believed that efficient administration was mostly a matter of the ability and drive of the manager and not of the setup of the organization. But he ended his business career by turning over everything to an organization that would function without the guiding hand of the founder.

Whereas Carnegie had partners and Rockefeller had committees, Henry Ford (1863-1947) relied upon his own absolute dominance of the Ford Motor Co. Yet most biographers agree that Ford, who seemed to be basically a very shy man, never gave a direct order. He expected his handpicked lieutenants to interpret his sundry comments.

Although the situation caused all manner of internal confusion and dissension, the company was immensely successful. From 1903 to 1917, Ford developed mass production techniques, including the continuous assembly line, and increased his wealth.

"I'm making a lot of money, and I can afford to pay you a better wage," Ford told his employees when he introduced the \$5-a-day policy. It nearly doubled the company's minimum wage.

Often he presented automobiles to deserving employees. But if he found that an employee did not keep his car polished, Ford would take it back.

Your class discusses these and other quirks in Ford's personality and methods of running his firm.

By 1920, most AMPs agree, Ford had reached his own personal goals. He was 57 years old and many times a millionaire. At this point he concentrated on getting rid of outside stockholders and making the company into a family firm.

There was no doubt about the change generated by this businessman. The automobile was redrawing the face of America.

Cities spread into suburbs, new towns popped up, more and better highways crisscrossed each other, and 750,000 service stations and hundreds of parts making and other auto-related industries thrived.

At the same time, people held the automobile responsible for reducing the influence of some towns, breaking up families and destroying time-honored industries, such as horse breeding and buggywhip braiding. Many persons had to find new jobs.

Critics of free enterprise pounced upon the destructive aspects of the booming industries. They cried out for reforms and regulations and the breakup of any firm having a preponderance in its industry. Life, they said, was becoming too materialistic, with too little brotherhood. Everywhere in society they saw inequities and blamed most of them on "robber barons" and unbridled competition.

You read portions from Upton Sinclair's "The Jungle" and other works of the late Nineteenth and early Twentieth Centuries attacking capitalism.

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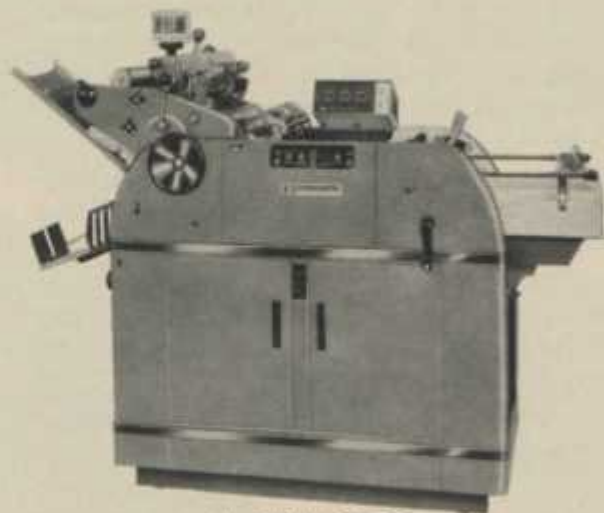
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PATTERN

continued

comments Prof. Hidy, one hand thrust in his pocket and waving the other for emphasis.

"This view is still with us. We still hear from the pulpit and elsewhere that business and capitalism in general are thoughtless and inhuman."

But you also read tracts defending capitalism and opposing government interference with the free market.

Coercive monopolies, these works contend, are impossible where men are free to compete. Monopolies result instead from government intervention in the form of special laws and favors granted to a selected few in the form of tax-exemptions, franchises, tariffs, government loans, subsidies, land grants and charters.

The defenders of capitalism view 1890, the year the Sherman Anti-trust Act was passed, as the turning point for economic freedom. The Sherman Act forbade "restraint of trade," but left it entirely up to the courts to decide just what comprised such restraint. The businessman often had no way of knowing in advance whether his actions were legal or illegal.

Actually, the first of a long series of laws increasing the federal government's power over business came three years earlier when Congress passed the Interstate Commerce Act. It forbade railroads from operating in restraint of interstate commerce.

Railroads were the earliest large targets of government regulation in the United States. The Union Pacific line, built with enormous federal subsidies, had collapsed into bankruptcy soon after its construction, causing a great scandal involving official corruption. This and various discriminatory practices resulted in outcries for tougher regulation of railroads.

The full brunt fell on the highly efficient Great Northern Railway built west of Minnesota by James J. Hill without any help from the federal government. The Great Northern which extended from the Great Lakes to Puget Sound, had been one of the railroads largely responsible for developing the American Northwest.

Stockholders of the Great Northern and Northern Pacific, which operated in the same general section of the country, had exchanged

(continued on page 95)

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LESSONS OF LEADERSHIP: PART IX

BEING AN INNOVATOR

A conversation with R. S. Reynolds, Jr.,
chairman of the board, Reynolds Metals Co.

Leadership qualities seem to run in the Reynolds family. R. S. Reynolds, Jr., has them.

So did his father, who formed the Reynolds Metals Co.

So did his grandfather, A. D. Reynolds, who reached the rank of major in the Confederate Army at 17.

So did his great-uncle, R. J. Reynolds, of tobacco fame.

Richard Samuel Reynolds, Jr., himself, is now chairman of the board of the Reynolds Metals Co. The company had sales of slightly more than \$29 million only 25 years ago but in 1965 will have net sales of more than \$700 million.

Three of Mr. Reynolds' brothers also have been prominent in the success of this company. They are J. Louis Reynolds, who heads international operations; William G. Reynolds, whose specialty is research; and David P. Reynolds, who heads sales.

R. S. Reynolds, Jr., was graduated from the Wharton School of Finance & Commerce at the University of Pennsylvania.

He formed the brokerage firm of Reynolds & Co. with two of his cousins. But he withdrew as a partner in 1938 and joined his father in the Reynolds Metals Co.

Today, in addition to heading Reynolds Metals Co., Mr. Reynolds is board chairman of Robertshaw Controls Co.; he is also a director of The British Aluminium Co., Ltd., London; Manufacturers Hanover Trust Co., New York; Lawyers Title Insurance Corp. and the Central National Bank, Richmond, Va. He is a former president of The Aluminum Association.

He is a member of the Business Council, a trustee of the Virginia Museum of Fine Arts and a member of the Board of the Council for International Progress in Management.

Mr. Reynolds also is a member of the board of trustees of the University of Pennsylvania and of the University of Richmond.

Despite the extensive ownership of stock by the Reynolds family, the company has more shareholders

Problem-solving in the executive suite usually takes a special wisdom acquired through long years of getting answers and results. Nation's Business brings you another in the series, "Lessons of Leadership," presenting the accumulated knowledge of respected American business statesmen and told in interviews with our editors.

LESSONS OF LEADERSHIP *continued*

than employees—some 45,500 shareholders as against 28,400 employees.

How Mr. Reynolds spurred the growth of the company and what he has in mind for the future were discussed in an extensive conversation at his Richmond, Va., headquarters.

An important facet in Mr. Reynolds' life is reflected in the color prints and trophies for hunting and horse racing that abound in his office. You can gaze through a huge glass wall of this office and survey acres of landscaped grounds and gardens that surround this placid Old Dominion setting.

Following is his interview with a NATION'S BUSINESS editor:

Mr. Reynolds, how did the Reynolds Metals Co. get started?

Well, I had better go back to the history of my father's business career, because it is one and the same.

He started as a young man out of the University of Virginia Law School working for his uncle, R. J. Reynolds, in the tobacco business.

He worked up to be sales manager. Probably the outstanding thing he did at R. J. Reynolds Tobacco Co., along with others, was bringing out Prince Albert pipe tobacco.

He decided that he would like to go out and start a business of his own in which he could develop, and also try to develop something for his boys to work in. So he left Reynolds Tobacco Co., I believe it was about 1913.

At the time he left, they were working on the cigaret that was later to be called Camel. And there's an interesting story about that. Prince Albert had been a great success. And because the Kaiser was a very popular figure in the United States at that time, my father thought he would suggest using

him on the new cigaret package. So he got an artist to work up some material.

It showed the Kaiser on a white horse with his plumed hat, and Richard Sr.'s uncle, R. J., thought it was a beautiful package and that Kaiser was a good name for the new cigaret.

Then, the next morning, R. J. came in and called my father and said, "Well, now, I have been thinking about that and I don't think we should name a cigaret for any living man, because you never know what sort of a fool he may make of himself before he dies."

Later, of course, the Kaiser started World War I and you know what happened.

But my father left before Camels were brought out. He started what was called the Reynolds Corp. The principal product was a cleanser called Spotless Cleanser. He was

Mr. Reynolds is an ardent huntsman, an enthusiasm which he shares with his niece, Dotty Reynolds.



Mr. Reynolds sums up his business philosophy like this: "Growth depends on people who are able to conceive ideas and carry them out to completion." There are "all sorts of starters, and all sorts of people who get halfway, three quarters even," he adds, "but the ones who can go the distance, successfully, are the ones who count." Here he is with two of his executives and (below) at Reynolds extrusion plant.



PHOTOS BY FRED J. MAXSON



LESSONS OF LEADERSHIP

continued

beginning to make real progress when the war hit.

Then he developed a paper container for shipping powder. It was being shipped in steel containers. But steel was expensive and powder was being used at a tremendous rate. Steel really couldn't keep up with the amount of powder that was required for the war, so my father developed a paper container with a steel bottom and top. His company ran on that until the war was over.

He didn't want to go back in the cleanser business. He got together with Reynolds Tobacco Co. and British-American Tobacco Co. and started a new company, U. S. Foil. During the war, cigaret consumption had grown so rapidly that the people who made lead and tinfoil—the two or three companies, with a closely controlled secret process—just didn't keep up with the demand for the foil used in cigaret packages. The tobacco companies were in a very difficult position to get supplies of tinfoil.

So my father started his new company with each of the two tobacco companies owning a third, and he and his family owning a third. U. S. Foil is the predecessor of Reynolds Metals Co.

My father took one look at a piece of aluminum foil—I think the year was '26, or late '25—and he said right then to his associates, "This is so much better and eventually will be so much cheaper, that I am going to Germany and buy some machines." Mills for rolling aluminum were not made in this country, or at least not the same quality as the German machines. So he went to Germany and bought some mills and began rolling aluminum foil in 1926.

Then in the late 1930's he began making a certain amount of sheet and powder, aluminum powder, until I think we became the largest pig aluminum customer that Alcoa had. Alcoa at that time was the only supplier of that product in the United States. And, well, that is the beginning of Reynolds Metals.

Now something about your own background, Mr. Reynolds. What did you do first after graduation from college?

I went in with two cousins and the three of us in the summer of 1930 started the present firm of Reynolds & Co., a brokerage bank-

ing business, and I became the floor member of the New York Stock Exchange.

We started at a very good time for three young men because things by '32 couldn't have been worse in the stock brokerage business. We, however, were able to keep our overhead down and we never had an unprofitable year. And, of course, Reynolds & Co. is quite a large brokerage banking house today.

I left and came to Reynolds Metals in 1938, when Reynolds Metals moved from New York to Richmond.

I started as an assistant to my father—assistant to the president. I was in the financial part of the company, but I did a lot of other things, too, as his assistant. I backed him up in all phases of the business.

You became president then in 1948?

Yes.

I started as assistant to the president, assistant to the treasurer, treasurer, financial vice president and then president in 1948.

What were the net sales for the company at that time?

About \$149 million.

What was your greatest problem when you became president?

We had just acquired several plants which had been constructed during World War II, and our major concern was what to do with all the capacity we now had on our hands. Our problem was to create new markets for aluminum. The defense demands of aluminum were out, so we had to turn to new uses for the metal. We had to develop new uses and products—and we did.

What has been the biggest problem for Reynolds Metals since that time?

Our problem has been typical of any growth industry—that is, keeping supply in some sort of balance with demand. The problem is one of anticipating economic conditions which will exist and tailoring expansion and growth accordingly. The aluminum industry, like all basic industries, requires several years to plan and build new facilities. We must plan for the future, yet keep our expansion programs flexible.

Over the years, this company has grown tremendously. To what do you attribute this?

Well, I attribute it primarily to my father's foresight as to the type of business to go into, a business

that had a great potential growth. He foresaw that aluminum would have the growth that it has had. I think that was number one. Second, that he had the ability to put together a group that was able to compete with Alcoa—Aluminum Co. of America. This was a very difficult proposition, and not many people wanted to undertake it. Finally our growth has come about through innovations in the use of aluminum, developed by our research and development people and marketed and promoted by our sales force. All our people are constantly looking for and finding new ways of putting aluminum to work, and that is the real secret of the expansion in the past 20 years.

What else has made this company successful?

My father was great on developing new ideas and new uses for any product. He was very original in his thinking, and I notice one of the questions that you asked some of the other people [in the Lessons of Leadership articles] was, "How do you keep up with the parade?" Well, my father's idea was not to get in the parade. He tried either to lead the parade or get into a separate parade of his own. He didn't care what his competitors were doing.

When I first came to the company, I used to talk to him about what other companies were doing. And he said, "Damn it, I don't want to hear any more about the competition. I want to know what you are doing; that is what I am thinking about, what we are doing, not what others are doing. I don't care one whit what they are doing."

"If you start worrying about what others are doing then you don't have any ideas of your own. So let them worry about us, and you worry about yourself, about this company." This stuck with me pretty well, because I think he was right there.

Can you mention other advice that your father passed on to you?

Well, he just never believed he was licked. He was too much of an optimist, if anything, because he would sometimes stick to things too long; but he just was an eternal optimist, and he never thought anything was going to go wrong, which, of course, it does sometimes.

The opportunity to work with your father and learn the importance of foresight and originality must have been invaluable. But what has your own considerable leadership experi-

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LESSONS OF LEADERSHIP

continued

ence taught you as you have led the company through its tremendous growth?

You can be a success if you believe that progress and success come from action and are willing to use a little individual initiative to achieve it. What management needs more than anything else are doers—innovators. Far too many people confuse the getting of ideas with the carrying out of ideas. They confuse creativity with practical innovation. The leader makes things happen. He is an innovator—a doer. Innovation is the key to corporate growth. What you become depends on your enterprise.

Now, in the development of the Reynolds Metals Co., could you describe what you and your father talked about and planned?

Well, he foresaw a tremendous growth in aluminum even then, before World War II, but we were unable to get into basic aluminum. In the first place, we didn't use enough metal to warrant it. However, we had discussed the matter with a French company and with some bankers, and we were told that it would take \$50 million just to start a plant. The company at that time probably had a net worth of \$15 million or \$18 million, something of that sort; and we had no supplies or raw materials, bauxite, or knowledge of how to make it, or anything else. So we were never able really to seriously consider it in the '30's.

But when the war came, the country was hard put to get metal. That is when my father decided that he would be willing to mortgage all the plants of his company and borrow the money from the RFC to go into the aluminum business, and the first plant was built in six months, which is a record. We have never—I don't think anybody in the business had done anything like that, as fast.

Your father went to Europe to buy aluminum before the war, didn't he?

Yes, he went to England first. He called on the British Aluminum Co., which is the company that we now partially own, and didn't even get to see the chief officers. He saw some fourth or fifth man down the line, who just informed him categorically that they weren't interested in selling aluminum to him.

He went to Germany and found that he couldn't buy aluminum in Germany, because it was all being used by the military. Then he went to France. The French offered to sell us 15 million pounds. I arranged the loan at the Bank of Manhattan. The metal was stockpiled here in Richmond, and we could use that metal as we needed it. The French got the dollars which they wanted at that time.

My father then told the French executives who came over to see him, "Well, I am glad to get the metal, but I think the French are foolish, because the Germans are just going to knock the daylight out of you. You are going to need all this metal, I should think."

And they said, "No, we have the Maginot Line. The Germans will never get through the Maginot Line."

Later my father became very concerned about our own situation so he went to Washington and told the government what he thought the aluminum outlook was, what he found out in Europe and that he thought we were going to be very short of aluminum because of the coming war.

When asked by officials what he could do about it, he replied, "We don't have any bauxite and we don't have any know-how, but I would be willing to undertake to go into the aluminum business if I could finance it." After this conversation they were sent to the RFC and arranged the loan, which was backed up by mortgages on all our plants and the new ones to be built. And that sounds very simple, but it was complicated. We had every kind of political block thrown at us that you can imagine.

The Secretary of War just pooch-pooched the whole idea and said that he had been told there was plenty of aluminum and not to concern ourselves with it, and so forth, that everything was fine—plenty of aluminum.

But you did get the loan and build the plants? And you began making aluminum for the war effort?

Yes, but I could tell you an interesting story about how difficult it was for us to break into the aircraft business. We had a rolling mill in Alabama, and we were selling sheet. Aluminum sheet was extremely scarce. They were trying to use plywood, steel, everything else for planes, because they couldn't get enough aluminum sheet; and here we were turning out sheet.

But a number of the airplane

companies wouldn't accept it because we had never made it before. Consequently, we had run up quite an inventory of sheet that the aircraft companies wouldn't accept.

North American Aviation sent purchasing people and engineers to the Reynolds plant to inspect that metal themselves. Now, mind you, the aircraft companies were on allocation. They weren't getting anything like what they wanted. We had some six million pounds, I think, of good aircraft sheet that the other companies wouldn't take for one reason or another.

So the experts inspected it and went up to Washington and got the powers-that-be to say they could have this metal and it would not come out of their quota. So they were able to make hundreds of airplanes that the others weren't, because they didn't have the metal.

Others began to use our metal, too. But I went out one time to one of the aircraft companies, and they said, "Look, you are not making good quality." So we went back into the plant. They had a red pencil mark around a little dot, and another pencil mark here and there. I said, "Well now, where do you inspect the other company's metal?" They said, "Oh, well, we don't inspect that." I said, "Well, they have got scratches on theirs or stains or something, too."

In other words, we were getting very severe inspection, and that's one reason we had difficulty breaking into the field. But we finally did and we supplied a great deal of aluminum during the war.

Now, Mr. Reynolds, at the time World War II ended the country had, partly due to the foresight of your father, a capacity for aluminum that far exceeded what most people thought could be used in peacetime. Yet, you made a successful transition. Could you describe how that was done?

Well, yes. The government and all the people who had to do with aluminum were saying that aluminum was going to be "coming out of our ears" for years, and that all of these plants should be cannibalized, and a number of the plants were cannibalized. That is, they were dismantled and junked. My father was called to testify—I think it was a Senate hearing—and he testified that he thought that not only would industry use up the scrap aluminum and keep the present plants busy, but within a few years, the industry would be building new aluminum plants.

And someone who was there said,

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LESSONS OF LEADERSHIP

continued

"Your old man has got the decimal point in the wrong place, hasn't he?" I said, "Well, I don't know, but that is what he thinks."

And, of course, he turned out to be right, because we used up all the scrap very quickly; a great deal of it went into building materials—for barns, factory buildings and so forth.

Because of our experience in making parts during the war, and the fact that the aircraft industry had thousands of workmen and engineers who had worked with aluminum, the ability to use it was pretty widespread, and its use grew by leaps and bounds after the war.

What uses do you envision for the future?

Now, the transportation industry and the building industry are right together as the largest users of aluminum.

One of the latest things, of course, is we have made a real breakthrough in containers—cans, easy-open tops, the "Tapper" beverage dispenser, to name a few.

Aluminum is now the second basic metal. Steel first, aluminum second.

Our great growth is coming from the growth throughout all industry. The industry is so large now that no one product is going to make or break the aluminum industry, but it is from the general dissemination through all manufacturing, all types of manufacturing, that growth is coming.

What are you doing to insure success five years, 10 years ahead?

We plan about five or six years ahead. We have to. Then, of course, we have plans further out in the future, but it actually takes us five years to plan, finance, design and build plants. It actually takes about 18 months to two years just to build, after you have done all the preliminary work, so we have to look five years ahead.

You have a group of people who are thinking this far ahead. How do they do it? How do you make sure that they are doing their job?

Well, we actually go and ask our customers. We have every sales group, each area, ask all the big users what their projection is for the use of aluminum, and then we put all those figures together. These
(continued on page 97)

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WORLD BUSINESS: WHAT TO EXPECT

Special quarterly report
for Nation's Business by
the respected Economist
Intelligence Unit, London

Global outlook: Bright with a hitch

Growth in world industrial output this year should match 1965's rate—five to six per cent. Industrial trade will grow, too. But not at the hot pace set in the past two years.

Behind this forecast lie the flickering fortunes of the primary producing nations. In 1964 orders for their raw materials poured in from the booming industrialized countries, and their foreign exchange coffers were filled. In 1965 they spent this foreign exchange freely.

Their buying helped boost world

trade in manufactured goods by more than 10 per cent.

But now their foreign exchange reserves are much lower. They can't be expected to buy as much abroad as they did last year. Result: World trade in manufactured goods will probably not rise by more than eight per cent in 1966.

This is only about two thirds of the pace in the past two years. However, it is about average for the past 10.

Industrial production in the principal manufacturing regions—North America, Western Europe and Japan—is likely to expand at the same rate as last year.

France, Japan and Italy are moving out of their dip. German ex-

pansion is slowing. Northern Europe, including Britain, is still shackled by restrictions.

If last year's growth in output of around six per cent is repeated in 1966, it will mean a pretty consistent pace has been kept since 1961 in the highly industrialized countries.

Surcharge still fogs British trade picture

It seems virtually certain that Britain's import surcharge, imposed "temporarily" in October 1964, now will last at least until November.

The blunt truth is that Britain's basic trading position does not permit the surcharge to be removed earlier. This does not mean it will be a permanent deterrent to foreign suppliers. It is a stop-gap measure only, but the longer-term measures to make British industry more competitive can't be effective before the end of 1966.

Manufactured exports from the United States have been hit hard by the surcharge. They fell by around 20 per cent in the 10 months after it was first levied, compared with the preceding 10 months. But despite this fall-off, British demand for specialized machine tools and machinery from abroad will remain vigorous regardless of the surcharge.

American tobacco exporters can expect a boost in sales to Britain. The embargo on Rhodesian tobacco will mean higher dollar spending.

Rhodesian crisis could lead to boom

The storm over Britain's break-away colony could destroy the econ-

Because Britain has banned imports of these Rhodesian tobaccos, U. S. tobacco men have opportunity to expand their British sales.



omy of Central Africa. Or Rhodesia's unilateral declaration of independence could be the beginning of a strong new economic realignment of the area.

Whatever happens, Rhodesia's mineral-rich neighbor, Zambia, will continue to reduce its dependence on Rhodesia.

With its southern frontier inflamed by racial bitterness, Zambia looks north. U. S. mining outfits there will be doing the same. But the strife-torn Congo lies to the north. This is no partner for joint economic development, or so it seems. But actually it isn't as bad as that. Look at the record:

- East Katanga, the border province, dominated by the Belgian mining giant Union Minière, has remained untouched through years of bloodshed in the Congo. That company now is paying off shareholders' arrears, and the Compagnie du Congo is paying its first dividend since 1958-59.

- Katanga could provide the way out for the squeezed Zambian economy with a railroad to the sea.

- In Leopoldville, 1,300 miles away, left-swinging President Kasavubu has been eliminated in favor of General Mobutu, the Army's

strong man. It will be up to him to put into practice the investment laws of the last Tshombe government. This offers big inducements, and a few snags, to would-be investors.

The big danger, as elsewhere, is expropriation. But the Belgians are not worried and they should know.

Prospects for outside investors are not yet good enough, but they will be worth another look in a few months.

Look ahead a few years and you might see an African Common Market based on Zambia-Katanga wealth. For this should be the future powerhouse of Central Africa's development.

Two markets beckon in troubled Southeast Asia

If you are thinking of setting up a branch plant in Southeast Asia, you will be welcomed with open arms in either Malaya or Singapore. "And in a lot of other places too," the cynical businessman will retort, "but what are the prospects?"

Well, what are they?

Rapid industrial growth in this

part of Asia has been spurred by helpful government attitudes toward investment. Indonesian confrontation has done little to check the economic expansion of Malaya or Singapore. In fact, the resulting reduction in trade, Singapore's lifeblood, has intensified Singapore's drive for development.

The real key to industrial growth is the "pioneer-industry certificate." The granting of pioneer status carries many benefits—tax relief up to five years, tariff protection, technical assistance, unrestricted transfer of profits and other advantages.

One very attractive lure is the provision of medium or long-term loan facilities which can amount to as much as 50 per cent of fixed capital outlay.

Malaya especially wants firms prepared to process local raw materials such as rubber, timber and tropical fruit, or to help reduce its import bill. Since Malaya has the highest standard of living in Southeast Asia, import substitution offers a lot of scope. Possibilities range from perfume to paint, from fruit drinks to foam rubber.

U.S. firms rush to fill markets British shun

Why, after colonizing a large part of the area for some 70 years, is British capital and enterprise fighting shy of Africa?

Why is American enterprise—as well as German, Japanese and Israeli capital—taking its place?

The answer seems to be that British investors expected to have political stability, rates of profit of more than 20 per cent and a quick turnover of their investment. This was asking much too much of young countries.

Some businessmen, notably Americans, have grasped this point. But there is little indication that British industry is willing to accept the basic challenge thrown down by the developing nations.

Some American firms have already taken advantage of Britain's hesitation. Until recently there were four banks in the British West Indies—one English and three Canadian. Lately Chase Manhattan and First City National entered the area.

END

Singapore, its drive for development typified by its new buildings, is seen as an increasingly promising market for U. S. companies.



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INVESTIGATIONS

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programs, with all the costs and stepped-up government involvement in the economy they are likely to entail.

Government agencies are already being surveyed for their assessment of the effects on the economy of their "human resource" programs such as education and social services. The whole effort will attempt to put a price tag, current and future, on the Administration's whole domestic program.

Taking a look at automation

Of more immediate effect on business, however, will be the expected continuation of studies of the effects of automation and computers—on which labor and management often disagree—on the nation's economic life and further studies of defense procurement.

Also slated for further study are related questions of the balance of payments, tariffs, the European Common Market, the economy of Latin America and U. S. trade prospects there, and possibly domestic transportation problems and the measurement of consumer prices.

Pension programs, with some \$80 billion in reserves, will be a new subject of investigation by the Committee. "We think it's about time to look at them," says a spokesman.

A major policy question for domestic agriculture, with implications for increased subsidies and controls, will get a full-scale going over as the Food for Peace surplus disposal program comes up for debate.

"This is the thing to be reckoned with," says a House Agriculture Committee observer, describing Committee members now as "much more friendly to the idea of producing food in this country with the idea of giving it away."

The idea of subsidization would remain largely unchanged, in this view. The major issue would be deliberate production of food to give away or sell abroad at less than market prices.

Costs of such an approach, plus the controls inherent in gearing a large segment of the agricultural economy to what is essentially a foreign-aid program, will be debated. So will the argument that the threat of famine is likely to increase world political instability.

Some sources concede that there is growing argument that this



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INVESTIGATIONS

continued

would even be "good economics," although they say it wouldn't survive long under a sharp pencil.

A commitment to avert a world famine, however, would involve a lot more than producing food in this country.

It would also extend to improving the ability of food-short nations to produce, store and distribute food efficiently.

President Johnson has called for placing "the matchless skill and resources of America—in farming and in fertilizers—at the service of those countries committed to developing a modern agriculture."

The agriculture committees of the House and Senate won't overlook domestic regulation. Hearings are expected on proposals to extend meat inspection to products shipped within a single state, to broaden existing regulations to cover processed poultry and to give government greater authority in regulating the commodity futures market.

Senate sources also expect to take a look at the idea of charging user fees for some government agricultural services.

Members of the House Merchant Marine Committee are kicking off a six month inquiry into the state of the nation's shipping industry, partly in light of high-level task force and commission studies.

Topics will include proposals that our ships be built abroad and that passenger service under the U. S. flag be eliminated, and complaints of obsolete ships, insufficient capacity and lack of trained crews to handle normal commercial shipping, much less Viet Nam needs.

Also due for airing are questions of over-all government policy covering ocean research and safety of cruise ships carrying American passengers.

Stockpile probes

The House has just begun or scheduled a probe of bomber phase-out in favor of missiles, base-closing plans, new construction, military research and development, and use of stockpiles to control prices.

A review of the draft may also lead to hearings by the Armed Services Committee.

The Banking and Currency Committees of House and Senate also appear likely to probe stockpile manipulation.

These committees will also be de-

bating new authorizations for mass transit subsidies and a raft of banking and other financial issues. These include bank mergers, bank holdings by business, criminal takeover of banks, consolidation of bank regulatory authority, savings and loan regulation and powers to expand their lending authority and the Small Business Administration (SBA) and its lending practices.

Savings and loan lending powers, as well as a proposal to separate SBA's disaster loans from its regular lending program, are expected to be hotter issues in light of rising interest rates.

Burdens imposed on small business by federal regulatory agencies, such as the Federal Trade Commission, also will be probed by Congress.

Topics will include ability of small firms to enter regulated industries, and problems of small firms that deal or compete with firms having some exemption from antitrust restraint by virtue of their regulated status.

One panel will pursue the damaging effect of urban renewal demolition on small business and will attempt to foresee the problems of independent, small businesses—as opposed to chains—in cities of the future.

A subcommittee of the House Government Operations Committee is examining federal research expenditures and has already pinpointed instances of government contracting with foreign researchers in apparent disregard of balance of payments problems.

Still another panel will examine the procedures of the Food and Drug Administration in passing on new drugs or snatching them off the market.

Several sources in and outside of government expect new hearings on air pollution. (Congress has just passed a law providing for federal authority over state antipollution standards for water.)

Water pollution, moreover, will come under further study as committees explore higher outlays for sewage treatment facilities. This was forecast well before the President proposed to "clean completely entire large river basins."

Some Congressmen have urged tax incentives for industries that clean up their own water wastes, while at least one government-appointed panel is calling for penalty taxes on all sources of pollution.

The House Ways and Means Committee, which has been considering some excise tax restoration,

speedup of corporate tax collections and graduated withholding, will look into "simplifications of the tax structure" as the President asked.

The same panel also is expected to look into user charges in the transportation field—highways, inland waterways, airlines.

Another panel's hearings on state taxation of interstate business may run for weeks—even longer.

Financing of the highway system also will be examined by the House Public Works Committee, which will also look into proposals for new regulations governing sizes and weights in the trucking industry, and spending for rivers, harbors and highways.

Will air jobless pay plan

Business opponents of federal requirements for state unemployment compensation programs—level of benefits, eligibility, duration of payments—can expect Senate hearings if a committee-approved bill passes the House.

Likely inquiries in the Senate also include more looks at franchising, dual distribution, concentration of economic power, foreign trade aspects of antitrust, financial interests of doctors, auto safety and high-risk insurance.

A bill to make a plea of no contest in an antitrust case grounds for civil damage suits will be explored, as will allegations of discrimination in pricing of TV advertising time.

Committees on both sides of Capitol Hill are continuing their investigation into the Northeast power blackout, an inquiry with important implications for the future of large power inter-ties and government regulation of the industry.

The same Senate subcommittee that has been exposing electronic snooping and eavesdropping by government agencies will launch next into the use of "bugs" by private individuals for purposes including industrial espionage.

These hearings and investigations, and others launched at the initiative of committee chairmen and at the request of the Administration, may have no immediate effect aside from publicity. Some may cover bills already introduced that will go nowhere during this session.

Others may result in new proposed laws.

But if the first half of this Congress is any guide, a lot of proposals that kick around for years finally wind up on the books. **END**

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You CAN argue with success

When things are really going great
it may be just the time for a change

Every businessman runs into times when a product or his whole business is clicking so well that the idea of experimenting and perhaps diluting his profits has little appeal.

This is just such a time for many U.S. companies. After several prosperous years, they are being told that more good business lies ahead. Why rock the boat during such a period?

On the other hand, the words "change" and "innovation" have become synonymous with righteousness in the business world. Nobody likes to feel he is standing pat.

To test whether the belief in change is genuine, some leading managers and management consultants were asked to suggest how a company can strike the right balance to keep from stagnating, yet not fritter away money on dabbling. They were asked to comment on specific company problems like the following:

- A chemical company that makes a hard plastic material finds its product suddenly in great demand for making appliances and other consumer products. Its researchers have come up with another plastic that may hold even greater promise. Of course, the company will develop the new material. But there is a limit to the resources—capital and skilled personnel—it can invest. So, should the top managers decide to apply almost all their effort to promoting and producing the proven profit maker, or should they risk some dilution of profits by diverting funds to new facilities for "the material of the future"?
- Most of the major trading stamp companies are flourishing these days, even though there is talk of government regulation that might restrict them severely. Should they devote all their energies to defending and expanding the trading stamp line, or should they switch partly into other forms of business?
- A supermarket chain is having increasingly profit-

able operations. An executive suggests that they could raise profits by expanding into "food department stores"—carrying more drugs, wearing apparel, books, appliances, garden equipment. This means risking a big investment. Should they shoot for this big growth, or enjoy the present prosperity?

Most of the top executives and men who advise them declare themselves firmly on the side of change—measured, well considered moves, to be sure—but definitely a search for the new. They urge the manager to shove aside any temptation to stand pat.

"There is no such thing as permanent success," says James W. Redfield, of the consulting firm of Cresap, McCormick & Paget.

"Every product, every service has its life cycle," is the way Consultant William E. Hill, of Wm. E. Hill & Co., puts it. "It is inexcusable to stand and wait for decline. The constant effort to stave off that decline, to start new upward movements instead, should not be thought of as tampering, but as the only way of protecting success."

Commenting on the sample cases given above, most of the consultants advise a go-ahead on new planning for the chemical and trading stamps companies, but only a limited expansion for the supermarket chain. This underscores their view that new ventures should try to bolster present success, but never jeopardize it.

How much adventure?

Should the innovations usually be new steps into unfamiliar lines or gradual adjustments of present company techniques? Experts are divided on this point. Examples of firms that diversify into totally different lines have been all over the financial pages. Some business experts feel that management tends to lose control in many of these nonallied diversifications. They urge that new ventures be related to the proven skills of the present executive team.

There were also favorable comments on Worth-



America today, they won't. You can bet on that.

"I think too much emphasis is put on trying to improve only the trouble spots, as though management were just a matter of curing ills. Often there is more profit improvement to be made in the lines that are already doing well. Every manager should be constantly looking at the good as well as the bad.

"True enough, some things clearly are close enough to being satisfactory so that they can be set aside while effort is spent in other directions. The criteria should always be: What will it cost to bring about improvement here? And how much can we gain from it?—cost vs. return. The question is never whether to act—but where?"

Borg-Warner Corp.'s move into the chemical industry is pointed to as a case of pyramiding success by pushing into entirely different lines. The company was already diversified in the number of its products, but they were largely mechanical assemblies and components. A few years ago the firm ventured into the chemical field, developed some highly successful plastic compounds and now predicts that by 1970 chemicals will be the largest part of its business.

Authorities agree that any one-product company, which is obviously the most vulnerable, is negligent if it sits back contentedly. On the decision faced by the trading stamp firms, for instance, most experts questioned feel these companies should be diversifying into other kinds of business. Apart from the future of their basic business, they could find ways of using their redemption stores more profitably, the consultants say.

One management analyst notes that these companies have a big machinery for distribution and a wide contact with the public. Just as examples, they could start a travel agency and have an area set aside in each store where customers could get travel advice and make reservations. They could go into consumer finance. Or they could sell insurance, as Sears, Roebuck and Co. does.

One man points to the liquor manufacturers as an example of aggressiveness even in the absence of diversification. "Liquor always sells," he points out. "They don't have to worry about the future of their product. But notice that the companies battle for customers as if their sales might go dead any day. The better the profits, the bigger the chunk they spend for more promotion."

The radical standpatter

Change, then, is either a defense against decline or a positive move to take what is good and make it better.

Mr. Redfield stresses the fact that the standpatter is not a conservative businessman, but a radical risk-taker. "He wouldn't think of going home a single night with his plant and office uninsured against fire. Yet he will refuse to buy insurance against the other kind of loss that is certain to come with time.

"Nobody is suggesting that all present profits be reinvested in new ideas. It's just a question of regularly putting a reasonable percentage of the



ington Pump Co.'s purchase of American Locomotive Corp.: "Worthington was already in lines with rosy futures—Diesel engines, compressors, electric controls. And national water problems will increase the need for pumping equipment for drinking and irrigation. By buying a big locomotive manufacturer, Worthington doesn't threaten that future; it strengthens and solidifies it."

Actually, Worthington's diversification has had a carefully planned pattern, even though it is too broad to be seen at a glance. Worthington is staying in five main fields that it believes to be the keys to the future—water, food, energy, health and transportation. They have been paying off. Still the company keeps looking for places to expand. Why?

Worthington's Board Chairman, Walter H. Feldmann, says: "Complacency is safe only if you're sure your competitors will act the same way. In

YOU CAN ARGUE WITH SUCCESS

continued

money that is generated into channels that stand a good chance of paying off—either by way of research and development or new promotional activities or diversification. That way, the bread and butter will keep on coming in, despite any change in conditions."

One company head who agrees enthusiastically with these sentiments is President Donald F. McCullough of Collins & Aikman Corp., a major manufacturer of textile fabrics, yarns and automobile upholstery. "Anyone who maintains, or seeks to maintain the status quo in today's fast-moving world of business has got to be classified as a deterrent to growth," says Mr. McCullough emphatically.

"There is no room to stand pat or still—the movers in the crowd will go right over you."

Another important aspect of the defensive use of change is the fact that a successful and prosperous period is by far the best time for new planning. That is when the managers' minds are clear and confident and the financial resources are available to get new things going.

When things start to sag, either in the economy or in an individual business, cash may get tight. It may even become hard or costly to borrow. And most important, the sense of urgency that comes over the management gets in the way of careful decision-making.

Finally, there is sometimes the need to insure against success itself. A really sweeping success can become self-defeating if a company's product has the field all to itself for a time. The public may start to think of the name as a generic one and forget about the brand name.

Products such as Vaseline and Coca-Cola have had to fight hard at times to keep the distinctiveness of their trademarks. And one food processing

company recently realized—after 15 years of steadily growing sales—that competitive products were crowding in fast because the public failed to realize that they came from different sources.

But apart from such special situations, any thriving business attracts competitors. The bigger the profit margins and the return on investment, the more certainly others will enter the arena. The answer to this is to keep increasing efficiency, quality and range of service. All those things cost money. They can't be achieved by pep talks. They call for new equipment and a certain amount of trial and error.

The growth angle

The other main reason for investing in the future is to achieve the satisfaction of making things bigger and better. Not every businessman wants a steady diet of growth, but its increasing popularity in recent years is attested by the explosion in long-range planning.

The American Management Association reports that in the past few years its seminars in this area of management have invariably had heavier attendance than anyone expected. Consultants say no other subject, with the possible exception of data processing, brings so many requests for advice. At least 70 per cent of major corporations have a separate and formal corporate planning unit. And smaller companies have begun to plunge enthusiastically into the rising tide of long-range planning.

Even if this kind of systematic audit of the future doesn't appeal to you, the fact that your competitors may be doing it can affect you greatly. The company with a plan that plows its money back into innovations and sets out to capture a bigger share of its market is very apt to sweep ahead of other firms.

This kind of aggressive growthmanship is typified by Karl F. Landegger, the paper mill owner who directs Parsons & Whittemore, Inc., and Black Clawson Co. Having become the largest assembler of complete pulp and paper mills, Parsons & Whittemore has now begun to think in vertical lines. The mills they supply to countries all over the world—including the Red bloc—are made up mainly of equipment procured from other suppliers. So Parsons & Whittemore asked itself, "How can we increase our share of the profit?" Result: They are boosting the product line of Black Clawson—turning out more of their own needs.

Even more typical of Mr. Landegger's emphasis on the future is the policy he has set for Black Clawson Co., producer of papermaking equipment. He has forced its spending for research from \$500,000 in 1954 to \$2.5 million last year. Limiting yearly dividends, Landegger insists that "the important thing is how we look 15 years from now."

William E. Hill, acknowledges that "one possible course is to stay as sweet as you are." But he feels this may result in overlooking the real objectives of the company's managers.

"I am not always impressed by the kind of question that goes, 'Where do we want to be five years



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from now?" says Mr. Hill. "Since a company is not a single person, it is not really sensible for the organization as a whole to want to be anywhere in particular. As for its managers, some will want to be in a challenging situation, some will want to be safely profitable and some expect to be retired.

"The more reasonable question is, 'What kind of profit objective should we have for the next five years?' There's a certain amount of capital available, and there's always a chance of raising more—but that depends on what kind of rewards you promise in return. So it is always most practical to audit your situation and your future in the light of your profit objective, asking how high you can expect to boost each of the following:

- Earnings per share.
- Return on investment.
- Stability of profits.

"When you look at yourself from these three standpoints, you may find a gap. Maybe the growth you have been thinking about may not be the most lucrative."

One management authority bluntly advises clients not to overlook the alternative of selling out. "Being in business is comparable to speculating on the stock exchange. When the value of your stock is up, you don't stand around and wait for it to go down. Either you expect the value to go still higher, or you sell. If a businessman has a successful situation and he doesn't care to expand it any further, he should at least consider the possibility of selling it while it's at the top."

How you can decide

Despite the heavy ballot in favor of constant innovation, not every businessman will be convinced that he wants to behave along these lines in actual practice. Several corporate heads who were consulted admit privately that they like long pauses between bursts of dynamism. Aside from what is best for the company, as an impersonal entity, managers are people. And many good managers just don't want to live in a state of eternal change. They know that there has to be a housecleaning now and then, but they also like to put their feet up and enjoy the results of the last one before they plunge into another.

To help you decide how great the pressure for change is in your own business, here are seven points distilled from the thinking of the management experts that will help you see your situation from new and objective angles:

1. What kind of profits can you reasonably shoot for over the next five years? How much has to be invested to make that aim attainable? How good a return can you get on that money? Is that return good enough, taking safety and steadiness into account, or would the money earn more if invested in some other way?



2. Is "holding the line" ever really safe in your business? Or is this an industry where aggressive competitors can push you aside in a hurry?

3. Is it physically and psychologically possible just to hold the line—or would your facilities and people probably run down from a static policy?

4. Does your product or service tend to be habit-forming, one where people hate to switch? Or is it one where fads are important—where customers often switch to try something new?

5. How much money or energy do you have to divert away from sure profits in order to try new approaches that are in the offing? After that, would an adequate return on investment still be left for the stockholders?

6. Would a decision to try something new be: (a) practically irreversible or (b) easily stopped after a moderate loss?

7. What are the potential benefits from the new attempts—the maximum rewards that success might bring? Do the odds really seem favorable—the kind of possible return that would be attractive if this were an investment in a totally new company? Or are we being stampeded into trying something new just for the sake of seeming to be on the move?

"Deciding what to do when a company is going especially well is one of the trickiest decisions a manager faces," says Henry W. Sweeney, head of his own New York accounting firm and formerly Deputy Assistant Secretary of Defense in charge of the Pentagon's combined audit branch—the biggest auditing operation in history. "The habit of investing a reasonable share of your gains in ways that will ultimately add more than they subtract is the very essence of a continuing success."

—CHARLES A. CERAMI

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WILL CONGRESS RAM THROUGH COSTLY NEW LAWS?

continued from page 41

this article the voting records of the members of the current Eighty-ninth Congress on issues of importance to business for reasons of pocketbook or principle. The votes were last year, but they indicate a pattern that could well be repeated this year on the roll calls that will decide the passage or failure of historic new laws.

The following tabulation on roll calls of 1965 will enable you to see how those who represent you voted on business-related national issues. It will serve as a weather vane for their action in 1966.

First is a description of the 1965 roll call votes explaining the issue involved. Then there's an accompanying chart listing the Senate and House members and how they voted. All members of the House are up for re-election in 1966. Only a third of the Senate must be elected this year. Not all of the lawmakers listed on the following charts will be up for re-election, of course. A few of them have resigned or will be resigning, and one is deceased. Names of senators whose seats will be up for election are printed in boldface. Members of the House who were elected last time in close races are also printed in boldface.

SENATE VOTES

APPALACHIA—The Senate authorized \$1 billion in federal aid to the 11 state Appalachian region in a 62-22 vote Feb. 1, 1965. Many businessmen opposed the program because it subsidized one area of the country with taxes from other areas. But the Appalachia program was enacted into law.

REGIONAL AID—This measure provided \$3.2 billion to area redevelopment and to accelerate public works programs for lagging sections of the country. It passed 71-12 last June 1, and became law, despite business opposition as an expensive subsidy.

MEDICARE—Legislation to set up a federally-run medical care program for the aged, financed through increased payroll taxes on employers and employees, was passed last July 9 by a 68-21 vote.

Business was against the program as a costly intrusion of government into a field where pri-

Y (Yea): For
N (Nay): Against
✓ Paired or
Announced For
X Paired or
Announced Against
? Not Voting

	APPALACHIA	REGIONAL AID	MEDICARE	RENT SUBSIDY	ANTI-POVERTY (Delete)	RIGHT-TO-WORK (Delete)		APPALACHIA	REGIONAL AID	MEDICARE	RENT SUBSIDY	ANTI-POVERTY (Delete)	RIGHT-TO-WORK (Delete)
ALABAMA							LOUISIANA						
Hill	Y	Y	Y	Y	Y	N	Ellender	N	Y	X	N	Y	N
Sparkman	Y	Y	Y	X	?	N	Long	Y	Y	Y	N	N	Y
ALASKA							MAINE						
Bartlett	Y	Y	Y	N	N	Y	Muskie	✓	Y	Y	N	N	Y
Gruening	✓	Y	Y	X	N	✓	Smith	Y	Y	Y	N	Y	Y
ARIZONA							MARYLAND						
Hayden	Y	Y	Y	N	N	N	Brewster	Y	Y	Y	N	N	✓
Fannin	N	Y	N	Y	Y	N	Tydings	Y	Y	Y	N	N	Y
ARKANSAS							MASSACHUSETTS						
Fulbright	✓	Y	✓	N	N	X	Kennedy	Y	Y	Y	N	N	Y
McClellan	N	Y	Y	✓	Y	N	Saltonstall	✓	Y	Y	Y	Y	N
CALIFORNIA							MICHIGAN						
Kuchel	Y	✓	Y	Y	Y	Y	Hart	Y	Y	Y	N	N	Y
Murphy	N	Y	N	Y	✓	N	McNamara	Y	Y	Y	N	N	Y
COLORADO							MINNESOTA						
Ailott	N	N	N	Y	Y	N	McCarthy	✓	Y	Y	X	X	Y
Dominick	X	N	N	Y	Y	N	Mondale	Y	Y	Y	N	N	Y
CONNECTICUT							MISSISSIPPI						
Dodd	✓	Y	Y	N	X	Y	Eastland	N	?	N	Y	Y	N
Ribicoff	Y	✓	Y	N	N	Y	Stennis	N	Y	N	Y	Y	N
DELAWARE							MISSOURI						
Boggs	N	Y	Y	Y	Y	N	Long	Y	Y	Y	N	N	Y
Williams	N	N	N	Y	Y	N	Symington	Y	Y	✓	Y	N	Y
FLORIDA							MONTANA						
Holland	Y	N	N	Y	Y	N	Mansfield	Y	Y	✓	X	X	Y
Smathers	Y	✓	Y	X	?	N	Metcalf	Y	Y	Y	N	N	Y
GEORGIA							NEBRASKA						
Russell	Y	?	✓	Y	Y	N	Curtis	N	X	N	Y	✓	N
Talmadge	✓	Y	Y	✓	Y	N	Hruska	N	X	X	Y	Y	N
HAWAII							NEVADA						
Inouye	Y	✓	Y	N	N	Y	Bible	Y	Y	Y	Y	N	N
Fong	Y	Y	Y	Y	Y	N	Cannon	Y	Y	Y	Y	N	X
IDAHO							NEW HAMPSHIRE						
Church	Y	Y	Y	X	X	Y	McIntyre	Y	Y	Y	N	N	Y
Jordan	N	N	N	✓	Y	N	Cotton	N	Y	Y	Y	Y	N
ILLINOIS							NEW JERSEY						
Douglas	Y	Y	Y	N	N	Y	Williams	Y	Y	Y	N	N	Y
Dirksen	Y	Y	✓	Y	✓	N	Case	Y	Y	Y	N	N	Y
INDIANA							NEW MEXICO						
Bayh	Y	Y	Y	N	X	Y	Anderson	Y	Y	Y	Y	N	✓
Hartke	Y	Y	Y	N	N	Y	Montoya	Y	Y	Y	X	N	Y
IOWA							NEW YORK						
Hickenlooper	X	N	X	Y	Y	N	Kennedy	Y	Y	Y	N	N	Y
Miller	N	X	X	Y	Y	N	Javits	Y	Y	Y	N	N	Y
KANSAS							NORTH CAROLINA						
Carlson	N	Y	Y	Y	Y	N	Ervin	Y	✓	N	Y	Y	N
Pearson	X	Y	X	✓	✓	N	Jordan	Y	?	Y	Y	Y	N
KENTUCKY							NORTH DAKOTA						
Cooper	Y	Y	Y	Y	Y	Y	Burdick	Y	Y	Y	N	N	Y
Morton	Y	Y	N	Y	Y	N	Young	N	X	N	Y	Y	N



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WILL CONGRESS RAM THROUGH COSTLY NEW LAWS?

continued

vate insurance had made rapid progress in providing protection for the elderly against costly illness.

RENT SUBSIDY—Last July 15, the Senate voted on a proposal to delete the rent subsidy provisions from the Housing and Urban Development Act of 1965. The business community generally supported the move to delete. It questioned the wisdom of a proposal which the Administration later indicated it would use to subsidize rents of families with incomes up to \$8,000 annually. The move to knock out the subsidy was defeated 40-47. However, Congress must still vote on the issue of financing the rent subsidy program that it authorized.

ANTIPOVERTY—An attempt was made to amend the antipoverty bill by reducing the authorization for fiscal 1966 from a proposed \$1.6 billion to the 1965 level of \$947 million. The amendment was supported by business to try to hold spending to manageable levels. But it was defeated 39-48 last Aug. 18, and the larger amount is now being spent.

RIGHT TO WORK—An attempt was made to invoke cloture (shut off debate) on the motion to bring up repeal of the right-to-work Section 14(b) of the Taft-Hartley Act last Oct. 11. This attempt to stop debate was opposed by business since deleting Section 14(b) would violate individual freedom and give unions more power to force workers to join in order to hold their jobs. The move was defeated 45-47 (two thirds majority required to shut off debate). So the House-passed measure is still pending in the Senate.

HOUSE VOTES

MEDICARE—A move was made in the House last April 8 to recommit the bill to set up a federal medical program for the elderly. The plan was to substitute a voluntary health insurance program financed by general revenue and contributions from the aged. The motion was favored generally by business to preserve private voluntary health insurance and to avoid starting a costly compulsory government health insurance pro-

Y (Yes): For
N (No): Against
✓ Paired or
Announced For
X Paired or
Announced Against
? Not Voting
AL At Large

	APALACHIA	REGIONAL AID	MEDICARE	RENT SUBSIDY (Delete)	ANTIPOVERTY (Reduce)	RIGHT-TO-WORK (Cloture)	MEDICARE (Delete)	RENT SUBSIDY (Delete)	ANTIPOVERTY (Delete)	RIGHT-TO-WORK (Delete)	TEACHER CURES (Delete)
OHIO											
Lausche	Y	Y	Y	Y	Y	N					
Young	Y	Y	Y	N	N	✓					
OKLAHOMA											
Harris	Y	Y	N	N	N	Y					
Monroney	Y	Y	Y	N	N	N					
OREGON											
Morse	Y	Y	Y	N	N	Y					
Neuberger	Y	✓	Y	N	N	Y					
PENNSYLVANIA											
Clark	Y	Y	Y	N	X	Y					
Scott	✓	Y	Y	N	Y	✓					
RHODE ISLAND											
Pastore	Y	Y	Y	N	N	Y					
Pell	Y	Y	Y	N	N	Y					
SOUTH CAROLINA											
Russell*		Y	Y	Y	Y	N					
Thurmond	N	N	N	Y	Y	N					
SOUTH DAKOTA											
McGovern	Y	Y	Y	N	N	N					
Mundt	N	N	N	Y	Y	N					
TENNESSEE											
Bass	Y	Y	Y	N	N	Y					
Gore	Y	?	Y	Y	N	X					
TEXAS											
Farborough	✓	Y	Y	N	N	Y					
Tower	N	N	N	Y	Y	N					
UTAH											
Moos	✓	Y	Y	N	N	Y					
Bennett	Y	N	N	Y	Y	N					
VERMONT											
Aiken	Y	Y	Y	N	Y	N					
Prouty	Y	Y	Y	✓	N	N					
VIRGINIA											
Byrd	N	N	N	✓	Y	N					
Robertson	N	N	N	Y	Y	N					
WASHINGTON											
Jackson	✓	Y	Y	N	N	Y					
Magnuson	Y	?	Y	N	N	Y					
WEST VIRGINIA											
Byrd	Y	Y	Y	Y	N	N					
Randolph	Y	Y	Y	N	N	Y					
WISCONSIN											
Nelson	Y	Y	Y	N	N	Y					
Proxmire	N	Y	Y	N	N	Y					
WYOMING											
McGee	Y	✓	✓	N	X	Y					
Simpson	X	X	N	Y	Y	N					
Appointed April 23, 1965											
ALABAMA											
3 Andrews							Y	Y	Y	N	✓
8 Jones							X	Y	N	N	Y
5 Selden							Y	Y	Y	N	N
4 Andrews							Y	Y	Y	N	Y
6 Buchanan							Y	Y	Y	N	Y
2 Dickinson							Y	Y	Y	N	Y
1 Edwards							Y	Y	Y	N	✓
7 Martin							Y	Y	Y	N	Y
ALASKA											
AL Rivers							N	N	N	Y	Y
ARIZONA											
3 Senner							N	N	N	Y	Y
2 Udall							N	N	N	Y	N
1 Rhodes							Y	Y	Y	N	Y
ARKANSAS											
1 Gathings							Y	Y	Y	N	Y
4 Harris							N	Y	N	N	Y
2 Mills							N	N	N	Y	N
3 Trimble							N	N	N	Y	N
CALIFORNIA											
5 Burton							N	N	N	Y	?
7 Cohelan							N	N	N	Y	Y
33 Dyal							N	N	N	Y	Y
9 Edwards							N	N	N	Y	?
18 Hagen							N	N	N	Y	N
34 Hanna							N	N	N	Y	Y
2 Johnson							N	N	N	Y	Y
4 Leggett							N	N	N	Y	X
15 McFall							N	N	N	Y	Y
8 Miller							N	N	N	Y	✓
3 Moss							N	N	N	Y	Y
16 Sisk							N	N	N	Y	X
38 Tunney							N	N	Y	Y	?
37 Van Deertlin							N	Y	N	Y	Y
14 Baldwin							?	Y	N	N	Y
1 Clausen							Y	Y	Y	N	Y
10 Gubser							Y	Y	Y	N	X
6 Mailliard							✓	Y	✓	N	Y
12 Talcott							Y	Y	Y	N	?
13 Teague							Y	Y	Y	N	X
35 Utt							Y	Y	Y	N	Y
36 Wilson							Y	Y	Y	N	✓
11 Younger							Y	Y	Y	N	Y
Los Angeles Co.											
29 Brown							N	X	N	Y	Y
25 Cameron							N	N	N	Y	?
22 Corman							N	N	N	Y	Y
21 Hawkins							N	N	N	Y	?
19 Hollifield							N	N	N	Y	Y
17 King							N	N	N	Y	Y
26 Roosevelt							N	N	N	Y	?
30 Roybal							N	N	N	Y	?
31 Wilson							N	N	X	Y	N
28 Bell							Y	Y	Y	N	X
23 Clawson							Y	Y	Y	N	Y
32 Hosmer							Y	Y	Y	N	?
24 Lipscomb							Y	Y	Y	N	Y
27 Reinecke							Y	Y	Y	N	Y
20 Smith							Y	Y	Y	N	X
COLORADO											
4 Aspinall							N	N	N	N	?
3 Evans							N	Y	N	Y	N

Y (Yes): For
N (Nay): Against
✓ Paired or
Announced For
X Paired or
Announced Against
? Not Voting
AL At Large

MEDICARE (Recommend)
RENT SUBSIDY (Recommend)
ANTIPOVERTY (Recommend)
RIGHT-TO-WORK (Recommend)
REGIONAL AID
TEACHER CORPS (Recommend)

MEDICARE (Recommend)
RENT SUBSIDY (Recommend)
ANTIPOVERTY (Recommend)
RIGHT-TO-WORK (Recommend)
REGIONAL AID
TEACHER CORPS (Recommend)

MEDICARE (Recommend)
RENT SUBSIDY (Recommend)
ANTIPOVERTY (Recommend)
RIGHT-TO-WORK (Recommend)
REGIONAL AID
TEACHER CORPS (Recommend)

COLORADO (Cont'd)

2 McVicker N Y N ? ✓ N
1 Rogers N N N Y Y N

CONNECTICUT

1 Daddario N N N Y Y N
3 Giammo N Y N Y Y N
6 Grabowski N N N Y Y N
4 Irwin N N N Y ? N
5 Monagan N N N Y Y N
2 St. Onge N N N Y Y N

DELAWARE

AL McDowell N N Y Y Y N

FLORIDA

2 Bennett Y Y Y N N N
4 Fascell N N N N Y N
9 Fuqua Y ? Y N Y ?
10 Gibbons N N N N Y N
7 Haley Y Y Y N N Y
5 Herlong Y Y Y N N Y
8 Matthews Y Y Y N Y ✓
3 Pepper N N N Y Y N
6 Rogers Y N Y N N Y
1 Sikes Y Y Y N Y Y
12 Cramer Y Y Y N N Y
11 Gurney Y Y Y N N Y

GEORGIA

7 Davis Y N Y N Y N
6 Flynt Y Y Y N Y ?
1 Hagan Y N Y N Y ✓
9 Landrum N N N Y Y N
4 Mackay N X N N Y X
2 O'Neal Y Y ✓ N Y ✓
10 Stephens Y N N N Y N
8 Tuten Y N Y N Y N
5 Weitner N N N N Y N
3 Callaway Y Y Y N X ?

HAWAII

AL Matsunaga N N N Y Y N
AL Mink N N N Y Y N

IDAHO

1 White N Y X Y ✓ N
2 Hansen Y Y Y N N Y

ILLINOIS

21 Gray N N N Y Y N
24 Price N N N Y Y N
19 Schisler N N N Y Y N
23 Shipley N ? X Y ? N
16 Anderson Y Y Y N N Y
17 Arends Y Y ✓ N N Y
14 Erlenborn Y Y Y N N Y
20 Findley Y Y Y N N Y
12 McClory Y Y Y N N Y
18 Michel Y Y Y N N Y
15 Reid Y Y Y N N Y
22 Springer Y ? Y N N Y

Chicago—Cook Co.

7 Annunzio N N N Y Y N
1 Dawson N N N Y Y N
5 Kluczynski N N N Y Y N
3 Murphy N N N Y Y N
2 O'Hara N N N Y Y N
11 Pucinski N Y N Y Y N
6 Ronan N N N Y Y N

8 Rostenkowski

9 Yates

10 Collier

4 Derwinski

13 Rumsfeld

INDIANA

3 Brademas

8 Denton

9 Hamilton

11 Jacobs

1 Madden

5 Roush

4 Adair

7 Bray

2 Halleck

10 Harvey

6 Roudabush

IOWA

4 Bandstra

2 Culver

6 Greigg

7 Hansen

1 Schmidhauser

5 Smith

3 Gross

KANSAS

1 Dole

3 Ellsworth

4 Shriver

2 Mize

5 Skubitz

KENTUCKY

4 Chelf

3 Farnsley

2 Natcher

7 Perkins

1 Stubblefield

6 Watts

5 Carter

LOUISIANA

2 Boggs

1 Hebert

8 Long

6 Morrison

5 Passman

7 Edwards

4 Waggoner

3 Willis

MAINE

2 Hathaway

1 Tupper

MARYLAND

4 Fallon

7 Friedel

3 Garmatz

2 Long

5 Machen

AL Sickles

6 Mathias

1 Morton

MASSACHUSETTS

2 Boland

11 Burke

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4 Donohue

7 Macdonald

9 McCormack

8 O'Neill

3 Philbin

6 Bates

1 Conte

12 Keith

10 Martin

5 Morse

MICHIGAN

11 Clevenger

19 Farnum

7 Mackie

12 O'Hara

3 Todd

2 Vivian

18 Broomfield

10 Cederberg

6 Chamberlain

5 Ford

9 Griffin

8 Harvey

4 Hutchinson

Detroit—Wayne Co.

1 Conyers

13 Diggs

16 Dingell

15 Ford

17 Griffiths

14 Nedzi

MINNESOTA

8 Blatnik

5 Fraser

4 Karth

6 Olson

7 Langen

3 MacGregor

2 Nielsen

1 Quie

MISSISSIPPI

1 Abernethy

5 Colmer

2 Whitten

3 Williams

4 Walker

MISSOURI

5 Bolling

6 Hull

9 Hungate

8 Ichord

10 Jones

1 Karsten

4 Randall

3 Sullivan

2 Curtis

7 Hall

MONTANA

1 Olsen

2 Battin

NEBRASKA

1 Callan

2 Cunningham

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Y (Yea): For
N (Nay): Against
✓ Paired or
Announced For
X Paired or
Announced Against
? Not Voting
AL At Large

MEDICARE (Recommit)
RENT SUBSIDY (Recommit)
ANTIPOVERTY (Recommit)
RIGHT-TO-WORK REPEAL
REGIONAL AID
TEACHER CORPS (Recommit)

MEDICARE (Recommit)
RENT SUBSIDY (Recommit)
ANTIPOVERTY (Recommit)
RIGHT-TO-WORK REPEAL
REGIONAL AID
TEACHER CORPS (Recommit)

WILL CONGRESS RAM THROUGH COSTLY NEW LAWS? *continued*

Congress now must deal with inflation as underlying threat to our full-employment, full-steam economy, which must stay healthy to support the nation's war effort.

gram. But the move was defeated 191-236, and medicare was enacted.

RENT SUBSIDY—Last June 30 an attempt was made to recommit the housing and urban development bill to eliminate the rent supplement program. Much of the business community favored killing the rent subsidy plan in that it would subsidize rents of some families at the expense of the general public. Later the administration revealed that it planned to extend subsidies to families with annual incomes up to \$8,000. But the move to delete the subsidy was defeated 202-208. Congress now must vote on money to finance the new program.

ANTIPOVERTY—Last July 22, a move was made to hold federal antipoverty spending to the 1965 level of \$947 million instead of more than doubling it. This move included an attempt to prevent federal officials from overriding a governor's veto of antipoverty projects in his state. This was supported by many businessmen as an attempt to hold spending to manageable levels and keep some local control. It was defeated 178-227, and the higher amount was provided.

RIGHT TO WORK—Legislation to kill Section 14(b) of the Taft-

NEBRASKA (Cont'd)							8 Rosenthal	N	N	N	Y	Y	N
3 Martin	Y	Y	Y	N	N	?	20 Ryan	N	N	N	Y	?	N
NEVADA							21 Scheuer	N	?	N	Y	Y	N
AL Baring	Y	Y	Y	N	N	?	24 Fino	N	Y	N	Y	Y	N
NEW HAMPSHIRE							6 Halpern	N	N	N	Y	Y	N
1 Huet	N	N	N	Y	Y	N	17 Lindsay	N	N	N	Y	?	?
2 Cleveland	Y	Y	Y	N	Y	Y	NORTH CAROLINA						
NEW JERSEY							1 Bonner	Y	?	?	X	?	N
14 Daniels	N	N	N	Y	Y	N	4 Cooley	Y	N	Y	N	N	N
13 Gallagher	N	N	N	Y	Y	N	2 Fountain	Y	Y	Y	N	N	Y
9 Helstoski	N	N	N	Y	Y	N	3 Henderson	Y	Y	Y	N	Y	Y
3 Howard	N	N	N	Y	Y	N	6 Kornegay	Y	Y	Y	N	N	Y
8 Joelson	N	N	N	Y	Y	N	7 Lennon	Y	Y	Y	N	X	✓
12 Krebs	N	N	N	Y	Y	N	5 Scott	Y	Y	✓	N	?	N
11 Minish	N	N	N	Y	Y	N	11 Taylor	Y	Y	Y	N	Y	Y
2 McGrath	N	N	N	Y	Y	N	10 Whitener	Y	Y	Y	N	Y	Y
15 Patten	N	N	N	Y	Y	N	9 Broyhill	Y	Y	Y	N	N	Y
10 Rodino	N	N	N	Y	Y	N	8 Jonas	Y	Y	Y	N	N	Y
4 Thompson	N	N	N	Y	Y	X	NORTH DAKOTA						
1 Cahill	Y	Y	Y	?	?	Y	2 Redlin	N	N	X	Y	Y	N
6 Dwyer	N	Y	Y	Y	N	Y	1 Andrews	Y	Y	Y	N	N	?
5 Frelinghuysen	Y	Y	Y	N	N	?	OHIO						
7 Widnall	Y	Y	Y	X	N	Y	9 Ashley	X	N	X	Y	Y	N
NEW MEXICO							20 Feighan	N	N	N	Y	Y	N
AL Morris	N	Y	N	Y	Y	N	1 Gilligan	N	N	N	Y	✓	N
AL Walker	N	N	N	Y	Y	X	18 Hays	N	N	N	Y	Y	N
NEW YORK							19 Kirwan	N	N	X	Y	Y	X
27 Dow	N	N	N	Y	Y	N	3 Love	N	N	N	Y	Y	N
41 Dulski	N	?	N	Y	Y	N	10 Moeller	N	N	N	Y	Y	N
34 Hanley	N	N	N	Y	Y	N	15 Secrest	N	N	N	Y	Y	N
39 McCarthy	N	N	N	Y	Y	N	AL Sweeney	N	N	N	Y	Y	N
29 O'Brien	N	N	N	Y	Y	N	21 Vanik	N	N	N	Y	Y	N
25 Ottinger	N	N	N	Y	N	N	17 Ashbrook	Y	Y	Y	N	N	Y
1 Pike	N	Y	✓	Y	N	N	14 Ayres	N	Y	Y	Y	N	Y
28 Resnick	N	N	N	Y	Y	N	8 Belts	Y	Y	Y	N	N	Y
35 Stratton	N	N	N	Y	Y	N	22 Bolton	Y	Y	Y	N	N	Y
5 Tenzer	N	N	X	Y	Y	X	16 Bow	Y	✓	?	?	N	Y
3 Wolff	N	N	N	Y	N	N	7 Brown	Y	Y	Y	N	X	✓
37 Cenable	Y	Y	Y	N	Y	Y	2 Clancy	Y	Y	Y	N	N	Y
38 Goodell	Y	Y	Y	N	N	Y	12 Devine	Y	Y	Y	N	N	Y
2 Grover	Y	Y	Y	N	N	Y	6 Harsha	Y	Y	Y	N	Y	Y
36 Horton	N	N	N	Y	Y	Y	5 Latta	Y	Y	Y	N	N	Y
30 King	Y	Y	Y	N	✓	Y	4 McCulloch	Y	Y	Y	N	N	Y
31 McEwen	Y	Y	Y	N	Y	Y	23 Minshall	Y	Y	Y	N	N	Y
32 Pirnie	N	Y	Y	Y	Y	Y	13 Mosher	Y	Y	Y	Y	N	?
26 Reid	N	N	N	Y	N	N	11 Stanton	Y	Y	Y	Y	N	Y
33 Robison	Y	Y	Y	N	N	?	OKLAHOMA						
40 Smith	Y	Y	Y	N	Y	Y	3 Albert	N	N	N	Y	Y	N
4 Wydler	Y	Y	Y	N	N	Y	2 Edmondson	N	N	N	Y	Y	N
New York City							5 Jarman	Y	Y	Y	N	N	Y
7 Addabbo	N	?	N	Y	N	N	6 Johnson	N	N	N	Y	Y	N
23 Bingham	N	N	N	Y	Y	N	4 Stend	N	Y	N	Y	Y	N
15 Carey	N	N	N	Y	N	N	1 Belcher	Y	Y	Y	N	N	Y
10 Celler	N	N	N	Y	Y	N	OREGON						
9 Delaney	N	N	N	Y	Y	N	4 Duncan	N	N	N	Y	?	N
19 Farbstein	N	N	N	Y	Y	N	3 Green	N	N	N	N	Y	N
22 Gilbert	N	N	N	Y	Y	N	2 Ullman	N	N	?	Y	Y	N
12 Kelly	N	N	N	Y	✓	N	1 Wyatt	Y	Y	Y	N	Y	Y
11 Keogh	N	X	X	✓	✓	X	PENNSYLVANIA						
13 Multer	N	N	N	Y	Y	N	25 Clark	N	N	N	Y	Y	N
16 Murphy	N	N	N	Y	Y	N	19 Craley	N	N	N	Y	Y	N
18 Powell	N	N	N	Y	Y	N	21 Dent	N	N	N	Y	Y	N
14 Rooney	N	N	N	Y	Y	N	11 Flood	N	N	N	Y	Y	N

WILL CONGRESS RAM THROUGH COSTLY NEW LAWS?

continued

War expense will press lawmakers to economize. But they may hold down appropriations and still pass laws more costly to business.

Hartley Act was passed by the House last July 28. It was opposed by the business community as a violation of an individual's freedom to hold a job without being forced to join a union. But it passed 221-203 and is pending in the Senate.

REGIONAL AID—Last Aug. 12 a bill was passed to broaden the area redevelopment and public works acceleration program and provide \$3.2 billion for it. Most businessmen considered the program an inefficient and unfair means of stimulating economic development, and a waste of tax money. It passed 246-138 and became law.

TEACHER CORPS—A motion to recommit the higher education bill with instructions to delete the national Teacher Corps failed last Oct. 20. Many businessmen supported the motion because the national Teacher Corps would be under federal rather than state or local direction. But the motion lost 152-226. Money to pay for the program has not yet been appropriated however.

END

Y (Yes): For
N (No): Against
✓ Paired or
Announced For
X Paired or
Announced Against
? Not Voting
AL At Large

	MEDICARE (Recommit)	RENT SUBSIDY (Recommit)	ANTIPOVERTY (Recommit)	RIGHT-TO-WORK REPEAL	REGIONAL AID	TEACHER CORPS (Recommit)		MEDICARE (Recommit)	RENT SUBSIDY (Recommit)	ANTIPOVERTY (Recommit)	RIGHT-TO-WORK REPEAL	REGIONAL AID	TEACHER CORPS (Recommit)
Pa. (Cont'd)													
20 Holland	N	N	N	Y	Y	N	13 Purcell	N	N	N	N	N	N
14 Moorhead	N	N	N	Y	Y	N	4 Roberts	N	Y	N	N	Y	Y
26 Morgan	N	N	N	Y	Y	?	18 Rogers	Y	Y	Y	N	N	Y
6 Rhodes	N	N	N	Y	Y	N	6 Teague	N	✓	Y	N	N	N
15 Rooney	N	N	N	Y	Y	N	8 Thomas	N	X	X	✓	?	?
24 Vigorito	N	N	N	Y	Y	N	9 Thompson	N	N	N	Y	Y	?
18 Corbett	Y	Y	Y	Y	Y	Y	16 White	Y	✓	Y	N	N	Y
8 Curtin	Y	Y	Y	N	Y	Y	12 Wright	N	N	N	Y	Y	N
9 Dague	Y	Y	Y	N	?	Y	14 Young	N	N	N	N	Y	N
27 Fulton	Y	Y	Y	Y	Y	Y	UTAH						
23 Johnson	Y	Y	Y	N	Y	Y	2 King	N	N	N	Y	Y	N
16 Kunkel	Y	?	Y	Y	N	Y	1 Burton	Y	Y	Y	N	?	Y
10 McDade	Y	Y	N	Y	Y	N	VERMONT						
22 Saylor	Y	Y	N	Y	Y	Y	AL Stafford	Y	Y	Y	N	Y	Y
17 Schneebell	Y	Y	Y	N	N	Y	VIRGINIA						
13 Schweiker	N	Y	Y	Y	Y	Y	4 Abbitt	Y	Y	Y	N	N	Y
7 Watkins	Y	Y	Y	N	Y	?	1 Downing	Y	Y	Y	N	N	Y
12 Whalley	Y	Y	Y	N	Y	Y	2 Hardy	✓	Y	Y	N	N	Y
Philadelphia City							9 Jennings	N	N	N	N	Y	N
1 Barrett	N	N	N	Y	Y	N	7 Marsh	Y	Y	Y	N	N	Y
3 Byrne	N	N	N	Y	Y	N	3 Satterfield	Y	Y	Y	N	N	Y
5 Green	N	N	N	Y	Y	N	8 Smith	Y	Y	Y	N	N	Y
2 Nix	N	N	N	Y	Y	N	5 Tuck	Y	Y	Y	N	N	Y
4 Toll	?	X	X	✓	?	X	10 Broyhill	Y	Y	Y	N	N	Y
RHODE ISLAND							6 Poff	Y	Y	Y	N	N	Y
2 Fogarty	N	N	N	Y	Y	N	WASHINGTON						
1 St. Germain	N	N	N	Y	Y	N	7 Adams	N	N	N	Y	Y	N
SOUTH CAROLINA							5 Foley	N	Y	N	Y	Y	N
4 Ashmore	Y	Y	Y	N	X	Y	3 Hansen	N	N	N	Y	Y	N
3 Dorn	Y	Y	Y	N	Y	✓	6 Hicks	N	N	N	Y	N	N
5 Gettys	Y	Y	Y	N	Y	Y	2 Meeds	N	N	N	Y	Y	N
6 McMillan	Y	Y	Y	N	Y	Y	4 May	Y	Y	Y	N	N	✓
1 Rivers	Y	Y	Y	N	Y	✓	1 Pelly	Y	Y	Y	Y	X	Y
2 Watson	✓	Y	Y	N	N	Y	WEST VIRGINIA						
SOUTH DAKOTA							4 Hechler	N	N	N	Y	Y	N
2 Berry	Y	Y	Y	N	N	?	5 Kee	N	N	N	Y	Y	N
1 Reifel	Y	Y	Y	N	N	?	3 Slack	N	Y	N	N	Y	N
TENNESSEE							2 Staggers	N	N	N	Y	Y	X
6 Anderson	N	N	N	Y	Y	N	1 Moore	Y	Y	Y	N	Y	Y
8 Everett	N	N	Y	N	Y	N	WISCONSIN						
4 Evans	N	?	X	N	Y	N	2 Kastenmeier	N	N	N	Y	Y	N
5 Fulton	N	N	N	Y	Y	N	6 Race	N	N	N	Y	Y	N
9 Grider	N	N	N	Y	Y	N	5 Reuss	N	N	N	Y	Y	N
7 Murray	N	Y	N	N	Y	N	1 Stalbaum	N	Y	N	Y	Y	N
3 Brock	Y	Y	Y	N	N	Y	4 Zablocki	N	N	N	Y	Y	N
2 Duncan	Y	Y	Y	N	Y	Y	8 Byrnes	Y	Y	Y	N	N	Y
1 Quillen	Y	Y	Y	N	Y	Y	7 Laird	Y	Y	Y	N	N	Y
TEXAS							10 O'Konski	Y	Y	N	Y	Y	?
3 Beckworth	Y	N	N	N	Y	N	3 Thomson	Y	Y	Y	N	N	Y
2 Brooks	N	N	N	Y	Y	N	9 Davis	Y	Y	Y	N	N	✓
17 Burleson	Y	Y	Y	N	N	Y	WYOMING						
5 Cabell	N	✓	Y	N	N	Y	AL Rencallo	N	N	✓	Y	?	N
22 Casey	Y	Y	Y	N	N	Y							
15 De la Garza	Y	N	N	N	Y	Y							
7 Dowdy	Y	Y	Y	N	N	Y							
21 Fisher	Y	Y	Y	N	N	Y							
20 Gonzalez	N	N	N	Y	Y	N							
19 Mahon	N	Y	N	N	N	Y							
1 Patman	N	N	N	N	Y	N							
10 Pickle	Y	Y	N	N	Y	N							
11 Poage	N	N	Y	N	N	?							
AL Pool	Y	Y	Y	N	X	Y							

PATTERN

continued from page 64

their stock in the respective companies for shares in a holding firm called the Northern Securities Co. Hearing of this, President Theodore Roosevelt ordered that the Northern Securities Co. be prosecuted under the Sherman Act.

Roosevelt moralized about good and bad "trusts." He believed it is the government's job to prosecute the "bad" large-scale enterprises and to make sure the others obey public demands.

On March 14, 1904, the Supreme Court handed down a five-to-four decision calling for the breakup of the Northern Securities Co.

One of the four justices who dissented said a distinction should be made between reasonable and unreasonable restraints of trade. It was a position that the Supreme Court adopted in 1911 when it broke up the Standard Oil and American Tobacco companies.

In considering the Standard Oil case, the Supreme Court members said the sheer bulk of the 22 books of evidence was so much they weren't even going to try to evaluate it. Instead, the justices focused their attention on Standard Oil's profits. They pointed out that from 1882 to 1911, the combination's profits had totaled more than \$1.4 billion, which they thought to be excessive.

You discuss in class the court's decision to dismember the Standard Oil empire into 34 parts.

"If the people running Standard had not been blind on the press relations side, they could have held out another five years and probably would not have been dissolved," comments one AMP, a U. S. Army colonel.

"They failed to sense the political climate," adds the managing partner of a Venezuelan firm. "They lacked political as well as general public sensitivity."

Also in 1911, the Justice Department filed a petition in the U. S. Circuit Court in New Jersey for the dissolution of U. S. Steel.

In a unanimous decision, the court denied the government's petition, finding "that the iron and steel trade in the various products of the steel corporation is and has been open, competitive and uncontrolled."

The Supreme Court upheld the lower court in a hairline decision. The concept that only "unreasonable" restraints of trade were pro-

hibited was thus applied to justify U. S. Steel's continued life.

The court noted that U. S. Steel "did not secure freight rebates; it did not increase its profits by reducing the wages of its employees . . . it did not oppress or coerce its competitors."

Some AMPs view the decision as a vindication of the industrial policies of Board Chairman Elbert H. Gary (1846-1927), who had fought hard for the adoption of open business dealings and a benevolent, patriarchal attitude toward employees. Both practices had impressed the justices.

"But U. S. Steel's constant fear of antitrust activity prevented it from taking advantage of many legitimate business opportunities," pointed out one AMP.

"Why can't the law be clear about antitrust?" another AMP executive asks. "Why must a big businessman always have this sword of Damocles hanging over him?"

"If the size and activity of U. S. Steel was not a crime, I don't see how they could have ruled that it was a crime in the case of Standard Oil," comments the manufacturing director of another firm. "If Standard had been left alone, there

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PATTERN

continued

would be better competition among petroleum companies."

The assistant general manager of Latin American outlets of a large international food chain claims that the whole concept of antitrust activity is incompatible with the concept of free enterprise.

"Well, do we really believe in free enterprise?" Prof. Hidy asks.

"Do we practice it? Look at American agriculture. What we have is the government managing what amounts to a giant cartel. It seems we talk a better free enterprise game than we play."

"We have today a step in an evolution from the theoretical free enterprise system," says an AMP.

"With all its restrictions, your economic system is still the freest in the world," an AMP from Scotland says. "You need only to live abroad to appreciate this."

"Even so, it seems that when an American company gets more than 50 per cent of a market by its efficiency, it starts to pull in its horns," observes the chief accountant of an Australian smelting firm.

"To avoid charges of being a trust, it begins to diversify. The result is seen in your diminishing ability to compete in foreign markets."

You now study the 1914 Clayton Act which provided for the Federal Trade Commission and freed labor unions from the pressures of the Sherman Act.

"Workingmen had limited success until the electorate again came to their aid with Article 7A of the National Industrial Relations Act and the provisions in the Wagner Act," Prof. Hidy says. "Since then, more often than not, big government has sided with labor. We are still engaged in working out a system in which the power of big labor is balanced effectively and fairly against that of big business."

"In that process, a significant minority of the electorate is now wondering by what means the power of big government can be kept within bounds. One major lever comes to mind: Big government cannot operate in a democratic, decentralized society without the tax revenue from big, intermediate and little businesses."

Prof. Hidy cites the traditional rationale of the businessman as defined by University of Chicago Professor Milton Friedman, who

is the president-elect of the American Economic Association: "The sole social responsibility of business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game."

Prof. Friedman added that if anything is certain to destroy America's free society, "it would be a widespread acceptance by management of social responsibilities in some other sense than to make as much money as possible."

The question becomes, What are the rules of the game? The rules, like the environment, Prof. Hidy notes, keep changing.

What type of world can executives of tomorrow expect? Prof. Hidy steps out of his role as historian to make the following predictions:

The conflict, cold and hot, between those believing in authoritarian rule and those believing in democracies will continue indefinitely. But men all over the western world are in a process of reorganizing their national economic structures, and we can expect a decrease in conflicts between socialistic and capitalistic economic ideas as societies drift into more "mixed" economies.

A recurring problem will be surplus capacity or, at least, a productive capacity in excess of consumers' ability to buy.

"Some people maintain that we have such an excess capacity and such an ease of living that the major problem is to educate people to make use of leisure," Prof. Hidy says. "Perhaps this will become an even more important source of opportunities for businessmen and others in the future than in the past."

He also predicts: Taxes will keep skyrocketing, with those for education alone doubling within the next few years.

The coming generation will have different values. It will be composed of many followers who have little understanding of the owner-manager's point of view. There will be fewer and fewer persons who have known poverty. A better educated generation, it will not be content with laborers' jobs and will not be very proud.

There will be less interest in today's burning issues, such as private versus public ownership of productive enterprises, the power of labor unions, technological unemployment and conservation.

Management will have to become more conscious of the power

it yields. "Business statesmen" will be needed.

"They will be faced with new opportunities to generate change constructively," Prof. Hidy says. "Businesses will become power centers on an international scale as they were on a national scale between the Civil War and World War I."

He observes that the assets of General Motors already are greater than those of many nations.

But however adept the businessman becomes in the role of statesman, he will continue to be an object of criticism from some groups. Prof. Hidy advises you to take criticism as a fact of life and regard it as an element of "creative conflict" through which man has improved himself over the years.

"You can learn from both successes and failures of the past," Prof. Hidy tells you in his final lecture. "You, too, will have successes and failures. As you see the mistakes pile up, you might remember that history provides a shortcut in evaluating the mistakes of others. Perhaps you should take that shortcut; you will never live long enough to make them all yourself." **END**

[Next month: AMPs investigate profits and losses.]

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LESSONS OF LEADERSHIP *continued from page 74*

are actual customers that we go to and ask, "What are you going to use in the next five years, 10 years," to get as much information as they will give us as to what they expect to use, and how they expect to use it.

We take all those figures and then we superimpose on that what the growth of the economy may be, population and so forth, and try to tie that in with these figures from the field to determine what we are going to need five years, 10 years, from now.

To keep up with five per cent cumulative growth, which is the low figure we expect, we would have to spend a minimum of about \$300 million to keep our position by 1970, or thereabouts; and the industry would have to spend about \$1 billion to keep up with the five per cent growth. And that, of course, is one of the reasons we feel that we should have a better return on our invested capital, in order to finance what we think is foreseeable growth.

What are the qualities that make one company stand out as against another?

Well, I think a company and the people who run it can't be followers. They have to have some originality. They can't just follow a pattern that somebody else has prescribed. Not in a new, growing business.

How do you select your managers?

First, we have a training course.

We try to select them when they are employed, but after they reach a certain stage in the company, then it is based on their record. We try not to go outside the company, but occasionally we do. We try to select the real leaders in the company by their record, and I think that is really the only way that you can select them.

Give them enough authority and enough head to see what they can do, and if they prove themselves, then they are pushed on up. As a matter of fact, we are always looking for them. The crux of getting managers is being able to get people who can more or less operate on their own—who will have a degree of judgment and be willing and able to accept responsibility without being upset by it. Some people just can't take responsibility. They can do well as long as they are the second or third man.

There has been plenty of shuffling going on, and there still is. You have to keep shuffling. The men who are showing what they can do must have the road kept open for them. If they get stymied, they are not going to stay with you, or they get frustrated, and don't do well. **END**

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Truth & Action

Truth: As long as the National Chamber—the recognized and respected voice of business—continues to exist, it will continue to tell the truth about the American economic system.

The truth, of course, is that our free-market economy has built the most prosperous society in history.

The truth is that our incentive system, which is based on individual initiative and self-reliance, is better for the people of this country than coercion by government.

The truth is that you cannot solve national problems by continued deficit spending and by concentrating more and more power into the hands of officeholders in Washington. This leads only to high taxes, the undermining of the value of the dollar, and the ultimate loss of self-government.

It is definitely not a road to take, promises of politicians and vote-getters to the contrary.

Action: As long as the National Chamber—the leadership organization of all business—continues to exist, it will continue to work, through its members, to strengthen and improve the free-market economy.

It will work to develop positive, sound, private-enterprise solutions to national economic and social problems, to put these solutions into effect, and to preserve our American way of life.

Annual Meeting: To see the National Chamber in action—and, at the same time, to get a clear and understandable picture of today's trends, developments, problems and proposed solutions—attend the National Chamber's 54th Annual Meeting in Washington, May 1-4.

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Here you will meet business, professional, community and organization leaders from all parts of the country. You will hear the top issues of our times discussed by the nation's foremost speakers, thinkers and doers in business and government.

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54th Annual Meeting in Washington, May 1-4—information
about the program, the speakers, the workshops and other
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NEW HELP IN THE RACE TO STAY AHEAD

Trade and professional groups are moving swiftly to adapt their programs to changing business needs

"There is only one drawback to this kind of work," said John Auerbach, smiling. "Your kids have trouble telling their friends exactly what you do for a living."

His quip brought laughter from the other men seated with him recently at lunch in New York City's 60 East Club.

The men all were CPE's—chief paid executives of associations financed in whole, or part, by American industry. John Auerbach is the executive secretary of the Bicycle Institute of America, Inc.

Mr. Auerbach's children may have found it difficult to describe his job, but businessmen in the 200-odd companies that pay his salary don't have that problem.

They will tell you that he has played a vital part in the domestic bicycle industry's fight to expand markets and to compete with low-cost foreign competition.

The illustration is significant not because it is an exception, but because it is the rule with a great many of the nation's more than 5,000 major national, state and regional trade and professional groups. Business spends millions annually to support its associations, some of which date back as far as the 1700's.

Are the businessmen getting their money's worth?

Results of a new survey conducted by Opinion Research Corp. (ORC) of Princeton, N. J., reveal that members generally are enthusiastic about the work of their associations.

Interviewers called on business and professional members of a cross section of leading trade and professional groups. Members were asked, during the course of 45-minute consultations, to rate the performance of their association executives. Most gave them a high mark. High ratings also went to the quality and value of various association services, including publications, and to the over-all value derived from an association membership.

Where legislative action was a part of the association's program, that, too, got a good score. (See opposite page.)

Trade groups value to grow

Says ORC Chairman Joseph C. Bevis: "Our interviews indicate that the average member not only is well satisfied with the present job his association is doing for him, but that he expects it to be of even greater value to him in the future."

Businessmen generally regard associations as their most effective weapon in the battle against the growing encroachments of big government. This is seen as a job that will assume even greater importance in the future, according to Mr. Bevis.

The Opinion Research Corp. survey was sponsored by the Chamber of Commerce of the United States and more than 40 of its member associations. Findings were previewed in preliminary form at a recent Chamber-sponsored conference attended by 100 association leaders. Complete results, plus an interpretive report, will be made available this month.

Association men who attended the preview later discussed the ORC findings in freewheeling workshops. While pleased with the report, most said that the survey should not be taken as an invitation to complacency.

A representative reaction comes from Glenn Leach, executive vice president of the National Paper Trade Association, Inc. (NPTA). "The really important feedbacks are the ones we get from our members," he says. "The wise association leader keeps his ear to the ground, so he knows what's needed and wanted by his members."

The senior vice president of one large company assesses the future of associations this way: "The creative ones will grow, and the noncreative associations will fail. It's as simple as that."

The "watchdog" role of associations in the field of business-government relations is clearly gaining

How businessmen rate their trade associations

Most members of trade and professional groups feel they are getting a good return on their membership dollar, reports Opinion Research Corp. of Princeton, N.J. in a new survey.

Attitude-sleuths from ORC talked at length with more than 600 business and professional members of associations in fields as diverse as retailing and medical practice.

The following tables highlight their findings.

60%

of the businessmen and professional men say they would go along if their association boards decided on a 25 per cent dues increase. Only 23 per cent said they would not.

81%

of the business and professional members say their groups are doing a good to excellent job in helping them solve their problems.

84%

of the businessmen interviewed feel their associations are doing a "good" job in field of government relations.

79%

of all members believe need for associations will be greater five years from now than it is today.

63%

of the business and professional men describe association membership as "very valuable."

74%

of the businessmen belong to two or more associations.

45%

of all members rate performance of their top paid association executive as "excellent."

37%

of the businessmen attend association conventions "to learn and to keep up."

85%

of the professional people are members of two or more groups.

34%

give him a "good" rating.

20%

go for "personal contacts." The rest give other reasons, including an interest in exhibits.

47%

of the business and 45 per cent of the professional members say they make "fair amount" of use of association services.

48%

of the businessmen feel their associations should deal with legislation affecting people generally, as well as the industries they represent.

25%

and 12 per cent, respectively, use these services "a great deal."

68%

of the professional men hold this view.

Summing up:

Members consider associations useful and important now, believe their value will grow in the years ahead. One important reason: To meet the challenge to free enterprise posed by the expanding power of the federal government.

RACE TO STAY AHEAD

continued

in importance. ORC's survey indicated this, and it's a trend confirmed by independent discussion with businessmen who are officers or members of various trade and professional organizations.

As the federal government deepens its influence on the economy, managers in all sectors of business and industry need all the intelligence they can get on legislation, on thinking at the White House and on the intentions of Washington's many departments and regulatory agencies.

The importance of a keen eye on Washington was brought out by Otto Manz, Jr., executive vice president of Consolidated Edison Co. of New York, Inc. He carefully follows the daily "letter" from Washington which is sent to his desk by the Capital representative of the American Gas Association, to which Con Ed—a gas distributor as well as an electric power producer—belongs.

"The letter gives me insights into what's going on down there that I can't get from reading the newspapers," he explains. "We circulate the letter among our people and it would be accurate to say that some of the information in it definitely finds its way into our own planning."

Recent rapid growth in membership of the Chamber of Commerce of the United States—the largest business federation in the world—is interpreted by some observers as still another indication of business' growing concern over big government.

If a voice in Washington (and state houses and city halls as well) is important to businessmen, there are other association activities that are also highly prized. One of these is the opportunity association conferences and trade shows afford the business member to stay on top of rapid changes in technology—and to exchange ideas with others in his line of work.

Some corporation officials—Mr. Manz is one of them—feel even more time should be allotted for the swapping of know-how at association-sponsored conferences.

Answers unlimited

From one end of the association spectrum to the other—from aerospace hardware to antiques—one may readily find many other examples of associations helping

their members come to grips with the wide-ranging problems of modern business: statistical services, including the compilation of cost-ratio, sales, inventory and other data useful in corporate planning; educational programs; publications designed to serve an industry's general information needs.

Mr. Auerbach of the Bicycle Institute believes the future will find more and more associations aiding their industries in the marketing-sales area. Competition alone will force this, he reasons.

A man who shares his view is Curtis H. Mees, for five years executive director of the New York & Suburban Lumbermen's Association, Inc., a local trade group. Mr. Mees thinks associations at all levels will devote a growing percentage of their energies to the accumulation and dissemination of "more sophisticated marketing information." Computers will speed this development and some smaller

For a run-down on the business topics that congressional committees will probe at this session, see page 38.

trade groups will pool their information-gathering in the interests of economy, he predicts.

Glenn Leach of the NPTA points out that he and his 12 staff members are equipped to provide no less than 65 specific services to their membership in the paper field.

Association methods are myriad but they can be reduced to one keen-edged objective: promoting the best interests of an industry or profession while getting that group's story across to special audiences—such as government—or to the general citizenry.

"Make no mistake about it, associations have a profit responsibility," asserts William Dalton of Washington, D. C., a long-time consultant to trade organizations. "That responsibility is to help their members make a profit."

At times an association's value to its members is difficult to express in terms of precise dollars-and-cents savings, sales increases, or what-not. In many areas the contribution is real, but intangible. At other times, it is very tangible. William C. Mott, executive vice

president of the United States Independent Telephone Association, notes that this was most definitely the case when his association, using a variety of legitimate lobbying techniques, worked with other groups in getting a telephone excise tax repeal last year.

"I'd call that an association 'service,'" he says, "but it might not be thought of as such by someone using very narrow gauges for measuring an association's work on behalf of its members."

The fresh-blood technique

Both businessmen and their association executives agree that it's healthy to rotate the business membership on association boards and committees. Many groups say they plan to do more of this, while at the same time exploring other means for getting greater participation on the part of members.

Most associations, of course, are headed by nonpaid presidents drawn from the member ranks. This means the chief paid executive must adapt to a constantly changing working partnership—himself and the association's voluntary leader.

Lawson A. Odde, executive vice president of the American Hotel & Motel Association, notes that the best results are attained when the paid executive and the voluntary leader cooperate in a way that enables them to get the most from their respective strengths and weaknesses.

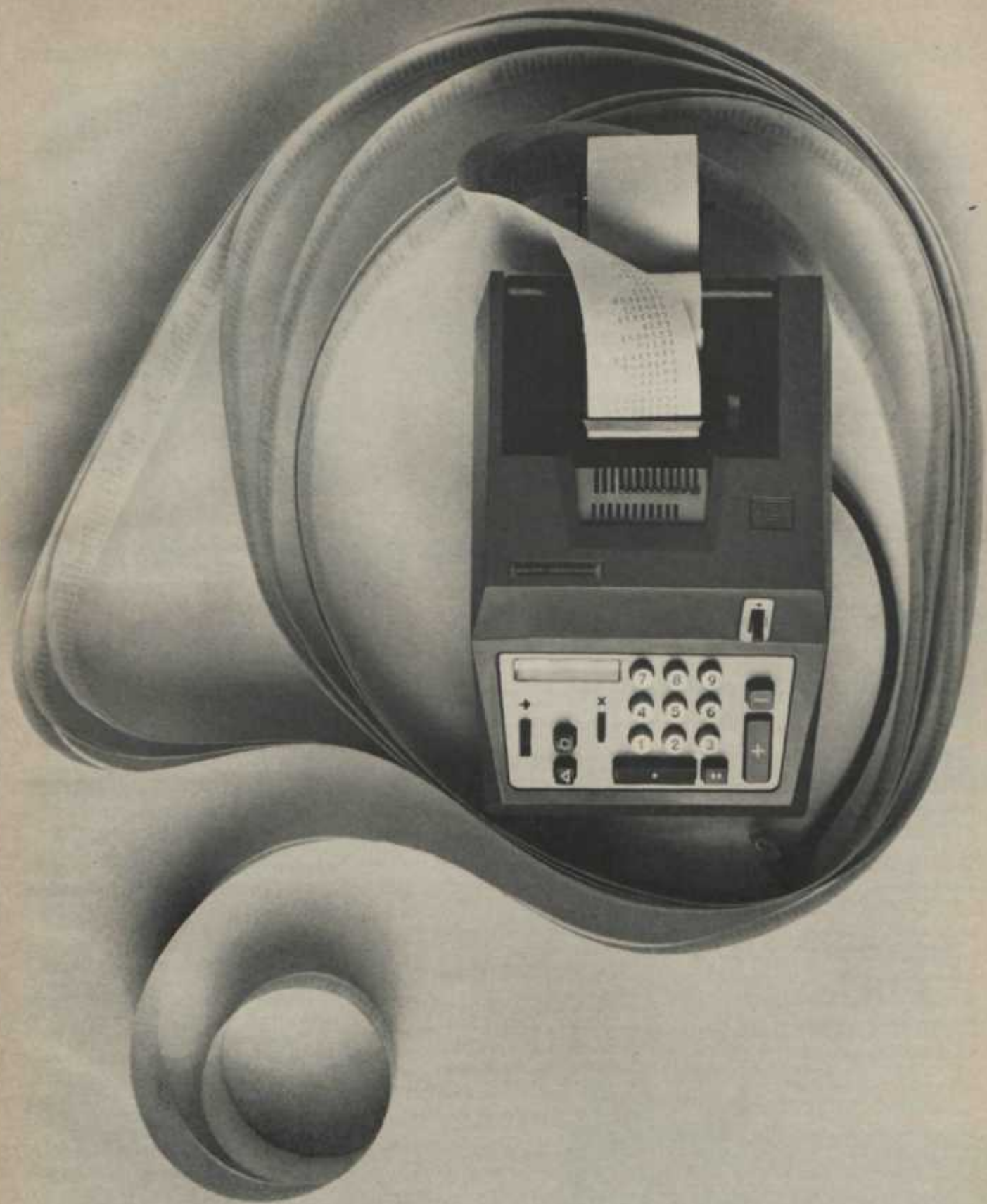
"In most instances," says Mr. Odde, "you will find that the temporary, voluntary head will not try to 'run' the association staff, but will leave that job to the man who is paid to do it. This is as it should be."

Spokesmen for the professional groups agree with their counterparts in the trade field that the job facing association managers today was never more challenging or exciting.

To meet the evolving needs of its members, one major association has been carrying out a series of surveys into human motivation. These include an annual salary survey, a fringe benefit survey, a survey of turnover rates and an office incentives study. The list is more representative than not of what most wide-awake associations are doing.

As associations head into a future of new complexity, change and uncertainty, they will increasingly require the services of professional managers and staffs.

Even the most acerbic critics of



**Now a portable electric adding machine
you can count on. For only \$139.95***

The contemporary styled Quanta R takes the taxing work out of tax time. And it weighs just 11 pounds. This way you can take it anywhere. Compact too. Takes no more desk space

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RACE TO STAY AHEAD

continued

association management admit that the top man's job is not an easy one.

To be effective the association executive must be a leader. He must be tactful and diplomatic. But he must also stand on principle.

"Diplomacy is important in the makeup of an association executive all right," says Otto Manz of Consolidated Edison, "but his skills as an administrator are vital, too. He must run a staff that provides real service. The good association manager stays alert and calls attention to the problems of his industry. He's a watchdog. I have the greatest respect for the association people in our field."

Gearing up for tomorrow

From some quarters come forecasts of a consolidation trend, particularly among smaller associations and those which tend to offer duplicate programs. On the other hand, some highly placed association officials say that, while a few groups may merge, the total number of associations (now estimated at 12,500) probably will expand. "Business is getting increasingly complex," one professional declares, "and I think this will cause businessmen to look for all the representation they can get."

A fitting signpost to the future was supplied by Donald C. Burns when he reported, in a special National Chamber publication, on the deliberations of one of three groups of association executives who had met to discuss the role of associations in the next decade. Mr. Burns is executive vice president of the California Association of Life Underwriters.

"An extraordinarily difficult, yet absolutely mandatory, task confronts the association and the association executive today," he wrote. "The entire future of an organization depends on the ability of its leaders to challenge their own assumptions. Associations and individuals develop vast storehouses of folklore and 'truths.' Most of this was valid when first internalized. Some is still valid; much never was and never will be valid. When an association adopts its positions based on anything but today's reality, it is lost."

"Successful associations in 1975 will be geared to tomorrow's possibilities."

END



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*VELVET-RIDE is White Motor's trademark for the patented WILLETT'S SUSPENSION.



The world watches

Our government favors letting United Nations members—even the communists—pay for peacekeeping operations on a voluntary basis.

At the same time the Administration wants the American workingman to make compulsory payments to labor unions. This would happen if Congress repeals the right-to-work section of the Taft-Hartley Act—now a prime target of the Administration and union lobbyists.

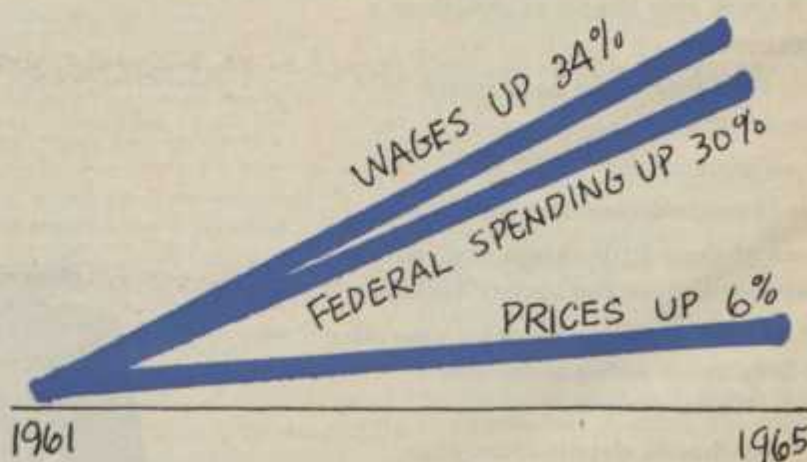
Workingmen and women in every free nation will be watching to see whether Congress takes the side of compulsory unionism. It would hardly be the way to convince the world that the great freedom-loving United States practices what it preaches.

Who's to blame?

Blame is safer than praise, as Emerson noted.

Blaming business is a time-honored habit of politicians. They seem to feel that it's safer politics to blame business when something goes wrong than to blame labor or for the government to accept any blame.

That's what's happened now that inflation is back to haunt the nation. It's no mystery who's really responsible for inflation. But apparently the politicians not only would rather be safe than sorry, they'd rather be safe than right.



Nation's Business • February 1966

MORE THAN 765,000 SUBSCRIBERS IN BUSINESS AND INDUSTRY



Jacob G. Goldblum was bowled over when the telephone brought him \$1,000,000

West Wholesale Drug Company in Philadelphia, Pa., does about 80 percent of its business by phone. Always has.

But it wasn't until the company put the telephone to work on a planned basis that it realized the full force of phone-power.

"It bowled us over. In the first eight months, we increased our sales by \$1 million," says Mr. Jacob G. Goldblum, West Wholesale Drug president.

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In this way West Wholesale Drug, a progressive member of the public health industry, reaches all druggists when they're ready to buy. An impossible assignment for salesmen, who

can't be everywhere at the right time.

Every morning the girls who do the calling find stacks of cards waiting for them.

These cards tell the girls which druggists they should call.

Let a Bell System Communications Consultant show you how you can put your telephone to work on a planned basis for profits.

Just call your Bell Telephone Business Office and ask for his services.



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